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## **BRITAIN AND THE DOMINIONS : CONSULTATION AND CO-OPERATION IN FOREIGN POLICY**

*By* NICHOLAS MANSENGH

THE self-governing dominions to-day, in whose number the United Kingdom is to be included, are sovereign States, wholly responsible for their own foreign and defence policies. They are also partners in a Commonwealth of Nations and the policies which each individually determines are framed with due regard for the interest and the welfare of the others and of the group as a whole. But the Commonwealth is not an organization having a foreign policy of its own; its members are not bound together by any formal alliance or obligation to act in concert. They place their reliance deliberately not upon formulated or rigid agreements, but upon the existence of a common sense of purpose and acceptance of a common scale of values. This may seem at first sight an unreliable foundation on which to build, but it has been tested, severely tested, and it has survived the challenge of two world wars unimpaired. It is a foundation that owes its stability to the fact that it is built upon political realities. Too often is it overlooked that the self-governing dominions are not populated wholly by people of British stock. In Canada and in South Africa there is a very large proportion of the population—in the case of South Africa the majority of the white population—of non-British extraction. Within both Canada and South Africa two European peoples are being gradually welded by the process of democracy into one nation. In the Commonwealth itself this pattern of co-operation is repeated in the reconciliation of the independence of its several States with the interdependence of the Commonwealth community as a whole. That the reconciliation finds its final and perfect expression in the existing machinery of the Commonwealth, few would venture to claim. In particular the relation between power and responsibility in the field of defence, if not of foreign policy, needs continuous reconsideration and adjustment of the kind that the evolving flexible machinery of the Commonwealth is designed to allow. But in substance and in principle the machinery is the product of the fact that the Commonwealth is composed of peoples of different background, race and tradition.

The separate identity of the dominions in foreign policy and defence emerged in the years before the first world war. It was recorded in the Report of the Imperial Conference of 1907 that the newly established General Staff, 'a purely advisory organisation of which command is not a function,' to quote Lord Haldane's description of it, should be at the disposal of 'the various national organisations within the Empire'. Of the principles of Imperial Defence Lord Haldane said, 'We know this thing must be founded simply upon the attaining of a common purpose, the fulfilment of a common end. It cannot

be by the imposing of restrictions or by rigid plans which might not suit the idiosyncrasies of particular countries'. This language revealed at once insight into the direction of dominion development and an understanding welcome of it. That line of development was equally apparent in the field of foreign affairs, though it was only thrown into clear relief as a result of the pressure of the first world war.

By 1919 the pattern of the many States composing one society was firmly traced and received, not without questioning, tacit international sanction at the Peace Conference of 1919. At Paris the separate identity of the Dominions was underlined by the procedure for the signature of the Peace Treaties. It was characteristic of this phase of transition in Empire relationships that while each Dominion plenipotentiary affixed his signature on behalf of his own government, the plenipotentiaries of the United Kingdom signed on behalf of the whole British Empire. But any who deduced from this procedure that the war had substituted for the foreign policies of member States of the Commonwealth a unified foreign policy for which all were responsible were quickly undeceived by the events of post-war years. The most convincing evidence was afforded at Locarno in 1925. In that treaty it was explicitly recorded that the military guarantees on which it was based imposed 'no obligation upon any of the British Dominions or upon India unless the government of such Dominion or of India signifies its acceptance thereof'. In the event none were willing to underwrite the obligation. The separate responsibility of the dominions for their own foreign policy had become an established fact, though the procedure by way of a general treaty with exceptions clearly implied, as Professor Berriedale Keith has pointed out, that the United Kingdom Government still had power to bind the dominions by the signature of its representatives alone.<sup>1</sup>

Even so brief a survey of the background to separate dominion responsibility in the field of foreign policy as this makes it abundantly clear that it was a gradual development endorsed, but not a new departure enunciated, by the Imperial Conference of 1926. On the contrary the Report of the Conference as a whole is rightly regarded as an accurate reflection of how the Commonwealth system worked at that time. Of nothing is that more true than the sentence which stated that 'the governing consideration underlying all discussion' of separate responsibility in foreign policy 'must be that neither Great Britain nor the Dominions could be committed to any active obligation except with the definite assent of their own Governments'. But that does not in any way lessen its far-reaching practical implications. Where responsibility rests there is power; and nothing in the trend of Commonwealth development in recent years suggests that any delegation of power would be contemplated by any dominion government in favour of some machinery designed to replace informal co-operation between sovereign States in the field of foreign policy by a formal adherence to the principle of common action.

The conclusions of the 1926 Conference on individual responsibility for

<sup>1</sup> *The Dominions as Sovereign States*, p. 22.

foreign policy followed naturally from the definition of the dominions as 'autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs.....' 'Equality of status so far as Great Britain and the Dominions are concerned is thus the root principle governing our inter-Imperial relations'. But equality of status did not and could not at that stage in the history of the Commonwealth imply equality of function. In the field of foreign policy and of defence the resources, the geographical position, the history of the United Kingdom meant that the main burden must rest on her; at any rate for many years to come. But in the discharge of her continuing responsibilities the United Kingdom was acting not on the joint responsibility of the Commonwealth, but on her own, assumed, however, with full knowledge of dominion points of view.

The Conference of 1926 expressed the confident belief that, while each dominion must remain the sole judge of the nature and extent of its co-operation, no common cause would be thereby imperilled. On what was this confidence based? If each dominion decided its own foreign policy in the light of its own interests, how was it that such confidence was felt about the support for the common cause? How was a common cause to be defined, to be recognized and to evoke a common response from the widely scattered nations of the Commonwealth? The answers are to be sought in the elaborate, though characteristically informal, machinery of Commonwealth consultation built upon the indispensable foundation of a common sense of values and a united devotion to the cause of peace. This machinery of consultation, which is of such profound importance in the co-ordination of the foreign policy of the member States of the Commonwealth, has evolved by rapid stages since 1926. More particularly during the war years, the system was elaborated to meet the unexampled strain to which it was then subjected. Here it is perhaps most useful and most relevant to give an account not of its gradual enlargement over the past twenty years, but a picture of how it works to-day.

The machinery of consultation is designed to keep all the members of the Commonwealth fully informed about their respective foreign policies. In actual fact, however, the main flow of information still goes out from London. The United Kingdom, one of the Three Great Powers and a permanent member of the Security Council with traditional interests and intimate contacts in every capital in Europe, with a Diplomatic Service which has its representatives in every country of the world, is inevitably the principal source of information on developments in foreign countries. At the same time, it is not to be overlooked that each of the dominions, and particularly the larger dominions such as Canada and Australia, have now wide diplomatic representation of their own and have a very material contribution to make in the field of foreign policy, based upon the advice of their own overseas representatives.

In London the Commonwealth Relations Office (until recently the Dominions Office) is the mainspring of the machinery of consultation. It is the duty of the Commonwealth Relations Office to give as much background information as possible about policies and developments in foreign countries to the dominion

Departments of External Affairs. More particularly, it is its aim to inform the dominion governments when policy is in its early and formative stage and to let them know what are the first reactions of the United Kingdom Government to events in any part of the world. The earlier the information is passed to the dominion governments the greater the opportunities of working out a common and agreed policy. Speed in transmission is for this reason a matter of cardinal importance. During the war there were occasions when the need for an immediate decision made consultation with the dominions impossible, but they were extremely rare. When a dominion government knows what is happening and what line the United Kingdom Government proposes to take, it is able to express its own views, framed perhaps in the light of reports from its representatives, and if it wishes, its disagreement with the course of action contemplated by the United Kingdom Government.

On a great many occasions the information on foreign affairs passed from one Commonwealth Government to another is not thought to require either action or comment. But none-the-less, even if its immediate bearing on policy is slight, it helps to build an invaluable picture of developments, problems and tensions in the foreign field throughout the whole world. Silence is not equivalent to assent, and in every case unless a dominion government explicitly and formally records its agreement the policy remains that of the United Kingdom Government alone. At the same time when action is called for in the international field, knowledge of background, supplemented in many cases by preliminary interchange of view, makes it more probable that an agreed conclusion will emerge. Even if this is not so, there will be full understanding of why a particular course of action has been adopted. That is very important indeed. Every fragment of information likely to be of interest or of use which comes from the United Kingdom representatives in foreign countries is passed on immediately to the dominion governments. The volume of such communications is as noteworthy as their character of informal intimacy.

The normal channel of intra-Commonwealth consultation is from government to government, but in matters of exceptional importance the correspondence passes between Prime Minister and Prime Minister. But whatever the level, correspondence in itself would be quite inadequate for the purpose of full Commonwealth consultation. Each of the dominions is represented by a High Commissioner in London. During the war daily meetings were held in the Dominions Office between the Secretary of State for the Dominions and the High Commissioners. They were informal meetings at which all aspects of United Kingdom and dominion policy were discussed, and their value has been generally recognized. Since the war, these meetings have continued at frequent intervals so that common problems may still be discussed in this way. Likewise in each of the dominion capitals there is a United Kingdom High Commissioner and in most cases now a High Commissioner representing each of the other dominions as well. This means that the personal contacts in London find their parallel in similar personal contacts in all capitals of the Commonwealth. The flexibility of this machinery of consultation

was shown in many ways during the war years. Mr. Stanley Bruce (now Lord Bruce) acted as special Australian representative to the War Cabinet. This appointment was made on the initiative of the Australian Government and though the other dominion governments did not themselves feel that a similar appointment would serve a useful purpose, that constituted no objection to this exceptional appointment, felt to be particularly desirable by the Australian Government in view of the Japanese threat in the Pacific.

The pattern of the machinery of Imperial consultation is completed on informal side by meetings of Commonwealth Prime Ministers, and on a more formal basis by Imperial Conferences. The Imperial Conference requires elaborate organization, detailed agenda and a large delegation from each of the dominions to discuss fully all the technical points which may come up for consideration. It is largely for this reason that no Imperial Conference has been held since 1937. The war and subsequent difficulties in communications and pressure on key manpower in all the Commonwealth countries have provided a strong practical argument against the holding of a further Imperial Conference at the present time. But it may be also that the general trend of Commonwealth relations is towards an ever greater degree of informality, and that therefore in the future Imperial Conferences will not be so frequent as in the past.

The meetings of the dominion Prime Ministers or their representatives is in one sense an informal substitute for an Imperial Conference, but it is more realistic to judge them on their own merits and in the light of the distinctive contribution which they can make. The two most recent Commonwealth Prime Ministers' meetings were held in the Spring of 1944, before the war was over, and in the Spring of 1946, after victory had been won. At these meetings the procedure, it is to be emphasized, was informal; there was no fixed agenda and it was not the aim of the meeting to reach concrete conclusions about particular subjects. They were, indeed, devoted to exchange of views. Their value was, therefore, not to be reckoned by the practical decisions reached, but by the measure of broad agreement, particularly in foreign policy, produced. Informal meetings of this kind provide an admirable opportunity for reviewing general problems of foreign policy and for each member of the Commonwealth to learn what his partners feel about them. At the Conference of 1946, the Foreign Secretary, Mr. Bevin, returned on two occasions from the Paris Peace Conference, which was taking place simultaneously, for the dual purpose of letting the dominion representatives know what was going on at Paris and, equally important, of learning himself what they thought about the post-war settlement in Europe. Looking at the discussions as a whole, it is perfectly clear that their value was dependent upon the existence of a background of common knowledge and preliminary exchange of views by correspondence. The machinery of consultation, written and verbal, is a unity.

The very marked advance in the international status of the dominions since the war has made the machinery of intra-Imperial consultation more valuable than ever. The activity of the dominions in foreign affairs; their



rapidly increasing representation in foreign capitals; their distinctive and often forceful contributions at the post-war conferences, have all made the elaborate background of information and interchange of views an asset of exceptional importance to them.

Agreement on the main lines of foreign policy does not restrict the freedom of action of an individual dominion in the pursuit of its own particular objectives. Each of the dominions by its geographical position has, necessarily, particular regional interests. Australia and New Zealand are primarily concerned in the security of the South-West Pacific, but they are fully aware of the fact that this security depends in no small measure on the line of Imperial communications in the Mediterranean where the Australian and New Zealand divisions fought so gallantly in both world wars. South Africa's dominating concern lies in the Mediterranean area. It is a matter of cardinal importance to her security that no territorial settlement of the North African littoral should give a potentially hostile power a foothold on the African continent. Canada, more perhaps than any of the dominions, has an immediate interest in the maintenance of peace in Europe. Over and above this, by reason of her geographical position, Canada's over-riding concern is to ensure that both in war and in peace the United States and the United Kingdom keep in step in respect of the main objectives of their policy.

The widely different regional interests of the member States of the Commonwealth underline the fact of its dependence on sea-power and sea-communications. It is sea-power that unites into one co-ordinated whole the broad diffusion of interest, the differences of emphasis placed by each member of the Commonwealth on the several problems which concern them all in the post-war world. It is because of the dominant rôle of sea-power in maintaining the safety and thereby making possible the underlying strategic unity of the Commonwealth that the sub-continent of India fills, as Dr. Panikkar has so rightly emphasized, a key geographical position. Peace and security in the Indian Ocean and in the South-West Pacific is of vital importance to the Union of India, and her concern in it is shared by all the members of the Commonwealth. It is also because of the importance of sea-communications to the Commonwealth as a whole that the several regional interests are in greater and lesser degree the concern of all.

This general picture of the United Kingdom and the oversea dominions in the field of foreign affairs applies with certain important modifications to Eire, whose distinctive position merits some further examination. Though Eire does not fit easily into the conventional constitutional pattern of the Commonwealth, it does in fact use the machinery of the Commonwealth in its relations with foreign States and in the conduct of foreign affairs. The marked differences in the internal constitutions of Eire and the oversea dominions are not reflected in so concrete a form in their external relations. This indeed is not altogether surprising, for the United Kingdom Government and the governments of the oversea dominions continue to regard Eire as a partner in the Commonwealth, and though their view has evoked qualifications, it has not provoked dissent from Mr. de Valera. In truth, if one turns from

constitutional niceties to realities, what exists at the present time is a curious, illogical, but workable, amalgamation of the British conception of Dominion Status and the Irish conception of External Association.

In considering the implications of external association in the foreign field, too much attention can be given to Eire's neutrality in the second world war. Neutrality was the product of internal conditions in Ireland and, though an indication of the extent of her detachment at that time from the Commonwealth, it did not necessarily mark a departure in principle from the concept of dominion status. It is, however, to be noted that full partnership in the Commonwealth, carrying with it its obligations as well as privileges, implies at least a strong moral obligation on the part of its members to resist a challenge which is, in fact, a challenge to the existence of the Commonwealth itself. It was maintained by the Eire Government and felt by Irish opinion that this moral obligation did not exist in the case of Eire just because she was not, and had made it abundantly clear that she was not, a dominion either in convention or in spirit by 1939. In practice this meant inevitably that during the war and immediate post-war years the full machinery of consultation was obviously unworkable in relation to Eire, and that for the same reasons she was not represented at the Dominion Prime Ministers' Conferences of 1944 and 1946. In theory it left unanswered the crucial question, what are the obligations of association?

It is not necessary to record here the stages by which the dominion status conferred on Ireland by the Treaty of 1921 was in effect abrogated. About that I have said something in an earlier article.\* Here it is more relevant to recall that though the monarchical symbols in the constitution of the Irish Free State were one by one removed by Mr. de Valera after his accession to power in 1932, the relationship in the external field remained fundamentally unaffected. The enactment of the Constitution of 1937, which in fact brought a Republic into being (though it was specifically so named only in 1946) was not held by the United Kingdom Government to mark a final breach either with the Commonwealth or with Eire's status as a dominion, presumably because of the continued use of the Crown in external affairs. It was in fact explicitly stated at the time that the government of the United Kingdom with the assent of the oversea dominions regarded the constitution of 1937 'as not effecting a fundamental alteration in the position of the Irish Free State.' However wise politically, this statement would seem to rest on uncertain constitutional ground. In any event, whatever the views of the lawyers, from 1937 onwards Eire was in fact a Republic externally associated with the British Commonwealth, though the Commonwealth and the Irish view, both of her status and of the character of her association, did not coincide.

There exist, therefore, two points of view about Eire's relationship with the Commonwealth, which while not reconciled, do not elicit active dissent and indeed receive tacit assent from both partners. The precise nature of the relationship, seen from the Irish point of view, was stated by Mr. de Valera

\* Ireland in the Post-War World, *India Quarterly*, Vol. III, No. 4.

in September of this year in these words. 'As a matter of our external policy', he said, 'we are associated with the states of the British Commonwealth of Nations. We are not members of it'. 'We are associates of the states of the Commonwealth; but if they regard the existence of the King as a necessary link, if they consider that it is the bond they have, then we have not got that bond. We are externally associated with the states of the British Commonwealth.' How does this association receive practical expression? The one formal constitutional link binding Eire to the Commonwealth rests upon a provision of the 1937 Constitution, which provides that 'for the purpose of the exercise of any executive function of the State in or in connection with its external relations, the Government may... avail of or adopt any organ, instrument or method of procedure, used or adopted for the like purpose by the members of any group or league of nations with which the State is or becomes associated, for the purpose of international co-operation in matters of common concern'. This permissive clause sanctions the practice already authorized by the External Relations Act of 1936, under which the King's signature may be used for the purpose of appointing diplomatic and consular representatives to foreign countries. During the war the obvious practical difficulties which arose in the implementation of this provision were circumvented by the appointment of *Charges d'Affaires*.

If the full value of external association is to be derived by both parties to it, then an agreed definition of the basis of concerted action would seem to have no small advantages, if only to avoid risks of misunderstanding, and the association must be positive in character. In the post-war world there has, in fact, been a tacit readjustment in emphasis in Eire's attitude to the United Kingdom and the Commonwealth. Recent months have seen Irish representatives attending unofficial Commonwealth talks on nationality and international trade held in London; at the time of writing, Anglo-Irish trade talks are proceeding, and in the early Autumn an Irish delegation to Paris, led by Mr. Lemass, co-operated in the discussions on the Marshall proposals. Equally, in the great issues of foreign policy the interests of Britain and Ireland coincide. They are both anxious for closer co-operation with the United States, and both are prepared to give a full trial to the United Nations; though thanks to the Russian veto, Eire's membership of UNO has not yet been accepted. In the future, therefore, and particularly in view of the present alignment of world forces, Eire may well tend to co-operate more closely with the Commonwealth countries. But even in that event her internal political outlook will demand continued emphasis on the external character of her association. She may well wish however to place greater reliance in practice on the Commonwealth machinery for co-operative consultation in foreign affairs.

The recent history of Anglo-Irish relations might be adduced as evidence that a system of consultation, however good, cannot in itself ensure that while 'every dominion is now, and must always remain, the sole judge of the nature and extent of its co-operation, no common cause will be thereby imperilled'. We have seen how the mechanics work, but does experience in the wider

field of intra-Imperial relations of the results they produce justify the confident assertions of the Balfour Declaration? It was the existence of a common outlook, common sense of values, and above all common interests in the maintenance of peace and world security that persuaded the members of the Imperial Conference of 1926 that, though each dominion was to be the judge of her own interests, those interests being what they were would lead to a concurrence of view on all great issues. In actual practice this has happened, with the exception of Eire in 1939, though it is to be noted that the member States of the Commonwealth often reach the same conclusion by very different routes, often determined by internal factors. One illustration must suffice. Over and above her membership of the Commonwealth, the geographical position of Canada, her intimate association with the United States, and her internal tensions, have determined the direction of Canadian foreign policy before the war and since. Mr. Mackenzie King has often explained and Mon. St. Laurent, Minister of External Affairs, has recently reiterated in a lecture in Toronto, "that the first general principle guiding the Canadian Government is that its 'external policies shall not destroy our unity'. It was this primary condition of Canadian foreign policy that necessitated the adoption of what may best be described as a non-Imperial reaction to the aggression of the dictators in Europe from 1937 onwards. It was in that year that Mr. Mackenzie King reaffirmed in Parliament that Canada 'will not necessarily become involved in any war into which other parts of the British Empire may enter simply because we are part of the British Empire', but he warned also 'that forces of evil are present in the world, fighting against the forces of good. As long as there is this conflict, those who wish to see the good triumph must take every possible means to prevent evil from gaining control'. Taking these two extracts together, they give one a clue to the subsequent Canadian reaction to events in Europe and in the Far East. Canada was determined, and what is important, all sections of the Canadian people were determined, 'to prevent evil from gaining control'. Therefore they were prepared, not as part of the British Empire, but because the British Empire formed part of the 'forces of good' to resist aggression. That attitude, though specifically Canadian in statement and in form, none the less reflects a dominant trend in Commonwealth foreign policy before the war. It is the trend which leads to the conclusion that the policies which mutually unite the Commonwealth are those that transcend exclusively Commonwealth interests. It can be seen now, though it was not realized at the time, that the Imperial Conference of 1937 became in fact one of the decisive meetings in the history of the Commonwealth, because as a result of the discussions that then took place the various member States recognized that the challenge threatening the world was not a challenge to Imperial interests, but a threat to Britain itself and to world security.\* Such a threat was in fact resisted by a united Commonwealth in 1939, thereby giving supreme justification to the confident assertions of the Balfour Declaration.

\* Miss G. Carter, *The British Commonwealth and International Security*, (Chap. X).

The emphasis in the years before the war was upon the separate identity of the dominions in foreign policy. Now that that identity is so firmly established, the field of common concern may become more clearly defined. The trend of affairs in the post-war world suggests that as a result of the war that field has not narrowed but widened. The more intimate association with the United States, the menace of new weapons annihilating distance, the allegiance given to the United Nations to-day by all the member States of the Commonwealth, are all factors which in their own way underline the convergence of interest in foreign policy among the member States of the Commonwealth. Moreover, while all are united in making support for the United Nations the primary objective of their foreign policy, realism compels them to admit that, while in time the United Nations may and can be made an effective instrument of World Government, it would be unwise now to place full reliance on it alone. At the least, therefore, the British Commonwealth is a form of reinsurance against aggression. All the members of it are strengthened by the knowledge that in the last resort a challenge to world peace or a threat to their own existence would enlist the support of all their partner States of the Commonwealth. Never again, it is to be hoped, will such a challenge have to be faced, but even in the ordinary course of international affairs, the weight and the influence of each member of the Commonwealth in the counsels of the nations is materially strengthened by the fact that it is a member of a world-wide group of States. That is an asset of inestimable value in these days of international tension. Before and during international conferences, co-operation and consultation between partners is a source alike of influence and strength, the more to be valued because it derives not from any restrictive obligations, but from a community of interest and a common sense of purpose. In a world dominated by great powers, ever becoming greater, that is no mean contribution to be made by a group of nations which, by the very fact of its existence, enables individual member States to play a rôle in international affairs not otherwise possible for middle or smaller powers.

## THE RATE OF ECONOMIC DEVELOPMENT IN DIFFERENT COUNTRIES

By COLIN CLARK\*

BEFORE I proceed with the subject matter of this evening, let me say that I am following in the lines of Pigou rather than of Keynes. In other words, while Keynes' great contribution to economic theory is his analysis of inflation and deflation, short period fluctuations in prosperity, full employment and unemployment, Pigou's concern has always been with long-period analysis, the judgment of trends which take sometime to work themselves out. Though the two leaders of economic thought lived a few yards away from each other in King's College, Cambridge, they dealt with almost entirely separate provinces.

\* An Address delivered in New Delhi on 28 November, 1947 at a meeting of the Indian Council of World Affairs, Prof. B. P. Adarkar presiding.

Generally speaking, you should make use of Keynes' conclusions if you think of what will happen in the next few months, while if you are thinking of what is going to happen in the next five or ten years, you should consult Pigou. It is to Pigou's work that we largely owe the foundation of our concept of national income and national wealth and our ability, at any rate our possibility, of analysing the relative merits of competitive enterprise and governmental planning in building up national wealth. I will briefly give you the conclusions that Pigou has reached, which most economists are now following. There is room for both elements in the economic structure. Certain parts of the economy must be built up by governmental planning and certain other parts must be built up by competitive enterprise. So much for the introductory review.

My subject matter for this evening is national wealth and the rate at which it is growing and can be expected to grow in different parts of the world.

Now the national income does not, as some people think, refer to the Budget. It refers to something much wider and is, in the first instance, the combined income of all persons and institutions in the community. A number of statistical precautions have to be taken to avoid double counting, which I need not elaborate at this stage. To give national income a better definition, national income represents the true net value of goods and services produced by the combined efforts of the whole community after you make the necessary allowance for depreciation and for all materials used up in the process of production. And when I say 'true value', I want to draw your attention to the fact that while everybody is now much better off than he was ten years ago, so far as rupees are concerned, whether we are much better off in food, clothing, shelter and enjoyment is quite another matter, and throughout I am going to speak in terms of real income, that is to say, I am going to speak in terms of figures which have been corrected for changes in prices. So, when I talk about a unit of real income, I am referring to an actual concrete quantity of saleable goods and services and not of rupees or dollars, or any other unit of currency, whose value may be changed very greatly in the course of a few years. I measure goods and services in what I call an International Unit. It is more or less a method of combining all the different commodities which the economy provides, say, of combining lbs of wheat and yards of cloth and tons of fire-wood, bus-rides and hair-cuts, in other words, non-tangible services as well as tangible goods. There are certain statistical methods by which you can measure the actual aggregate of goods and services which a community has available at any time and that is particularly important in India, because the rupee is rather unstable and it will now buy perhaps half or a third of the goods which it could buy ten years ago. On the other hand, there are also in India and other Asian countries large quantities of goods and services which are never exchanged for money at all. The larger part of India's population grows its own food, and very possibly makes its own clothes and builds its own houses. In trying to judge the real income, the standard of life in different countries, the statistician must take into account so far as he can—it is not at all easy—the goods which people

get for themselves without ever having to exchange against money. In most countries we have, in some measure, statistics of the value of national income and in order to compare them between one country and another, we have further information showing the comparative price factors of the different countries. The amount of goods which you can buy with one rupee is not necessarily  $1/13$  of the amount of goods which you can buy for a pound, although the rupee is exchangeable for  $1/13$  of a pound; that does not by any means necessarily measure the true quantity of goods which you can buy and very difficult, tedious studies are necessary to show the true purchasing value of money in different countries.

My way of measuring the real income produced in different countries is to measure the quantity of goods and services obtained per man-hour of work done because in some countries people work much longer hours than in others. So, I think you will agree that the final fair test of productivity of different countries is to measure the product per man-hour of work done. Now, as you might expect, the most productive economy in the world is that of the U. S. A. which produces slightly over one International Unit per man-hour of work done. The figure for India is .07. The figure for China which is the lowest in the world is .03. That means, if you like to put it this way, that the goods which are produced by one man-hour of work in the U. S. A. require 30 man-hours of work in China and about 14 or 15 man-hours of work in India; or putting it the other way, for each man-hour of work which he does, the Indian gets only about  $1/14$  of the goods which an American gets for each man-hour of work which he does. I think it is of considerable interest to trace what has been the cause of these figures in different countries, and if you like, I will start with the Asian figures and go westwards to the less important countries. The Chinese figures are the lowest in the world. The productivity of .03 International Unit per man-hour means in effect a population living on the edge of famine. It is possible that China could avoid recurring famines if her transport were better and political life less disturbed, but in any case, the productivity of .03 represents a condition not far removed from famine, which prevails, as I say in China. Figures not very much higher prevail so far as we can ascertain in some of the other East Asian countries, in Java and Siam, although the statistics for these countries are very deficient and it is very hard to make even a rough estimate of where they stand. Among the countries which have statistics, I have no figure between the .03 for China and the .07 for India. The Chinese figure in past years is not known to us. Some historians believe that China's productivity in the past was very substantially higher than it is now—if there are any historians here, perhaps they would be able to contribute to the discussion, but it is not for me to say. And so far as the Indian figure goes, we have fairly good evidence which was assembled by Dr. Rao to show that it has approximately doubled since 1870. The first study of Indian national income was made in 1868 by Dr. Dadabhoy Naoroji and a number of studies have been made, concluding with Dr. Rao's own work in 1931, and the real income per head was approximately doubled during that period. There is some evidence to show

that most of the rise occurred before 1920. Between 1900 and 1920 the rise in the Indian population was rather less rapid than it is now. I have evidence from one province—the United Provinces—to show that between 1920 and 1940 the rate of increase was very much slower, but the U. P. may not be entirely representative, as it is a less industrialized province than some of the others. And what is the precise trend of Indian national income at the moment is almost impossible to say. All I can give you are the long-range figures, showing that India's income per head has approximately doubled since 1870, or putting it in this way, in 1870 India was as poor as China is now and her national income has been raised in a manner which is certainly satisfactory so far as it goes, but it has been exceedingly slow. Against this we may set the very remarkable example of Japan. Japan's statistics are more abundant. You will remember it was in 1868 that the old feudal régime was overthrown and a European type of government established. However, for the first generation there was little rise in the real income of the Japanese people and up to about 1900, the real income in Japan remained at approximately the level of .03, that is to say, of China now or of India in 1870. After 1900, a very rapid rise occurred and particularly after 1914. The figure stood at .03 in 1900. There was a 60 per cent. rise in 13 years to .05 in 1913. By 1929 it had become .13, i.e.,  $2\frac{1}{2}$  per cent. rise in 16 years, and I can assure you without the slightest qualification that that is the most rapid rate of economic progress that has been shown by any country in the world. Since 1929 progress has continued; by 1937 the figure had risen to .19. By 1937 Japan was deeply involved in the Chinese war and the figure began to fall. The Japanese rate of progress is most striking and India will do very well, I think, to study what has happened in Japan, to learn what on the one hand to imitate, and on the other hand, to avoid.

The figure for Russia in 1939 stood at about .18, that is to say, Japan had by a slight margin overtaken Soviet Russia. The Russian figure has shown a most disappointingly slow rise since 1913. I do not want to imply that before 1913 the rate of increase was very high, but over the whole period from 1913 to 1939 the net real increase was extraordinarily small.

The 1913 level of real income was just about recovered by 1928. After 1928 came the first five year plan which only partially achieved its objective in the industrial field, and led to a complete debacle of agricultural production. After 1933, there was considerable relaxation of controls on agricultural production and a considerable measure of free commerce was restored to agriculture and there was recovery in industrial efficiency also. Then again, it took several years to recover from the mess which had been made between 1928 and 1933. Russia, whatever else it may be, is certainly not an example of rapidity of material progress.

Another example of fairly slow progress is Italy. In 1939 it reached the level of .21. It had risen from .13 in 1900. The economies of Russia, Italy and Japan are all approximately at the same level of rather low productivity.

If you go to the other end of the globe, the highest country as I have stated is the U. S. A. with the figure 1 International Unit per man-hour. In 1900



the figure was only .43. It has more than doubled in 40 years. In fact, by 1913 it was only .54; by 1929 .75. That is a pretty rapid rate of progress, a rate of 2 per cent. per year. A higher rate has been attained by Japan and the same rate by Sweden. Most of the European countries advance their real income at the rate of  $1\frac{1}{2}$  per cent. a year, which is quite satisfactory in itself. But the gap between America and Europe is wide and is growing wider. As for India, nobody has yet submitted agreed projects for the development of the Indian national income. But the rate of progress possible with the present capital resources is very much lower than that.

The second country is New Zealand with the figure .87. Canada stands at the figure .75. You will notice that the U. S. A. stands in rather isolated splendour. The high productivity of America is almost entirely in industry and commerce. American agriculture has an efficiency no better than that of the higher European countries like Denmark. New Zealand's high level of income is due to very high productivity of agriculture. Production per man-year is three times what it is in the U. S. A. That is a nasty pill for the Americans to swallow. Australia and Argentina are the second and third countries in agricultural productivity. Their and Uruguay's productivity is about  $1\frac{1}{2}$  times that of the U. S. A.

There are few countries anywhere near New Zealand and Canada. Next below comes Australia with the figure .59, Britain .56. There is another gap and then comes a group of European countries; Holland .45, Germany .46, France .40, Norway and Sweden about .40. The rest of Europe is considerably below. The British figure has nearly doubled since 1900. Although the levels are high in Canada and Australia, the rate of growth has been slower, because in both Canada and Australia, the national income contains a larger element of exploitation of natural resources where productivity may be high, but cannot expand so rapidly as productivity in manufacturing industry. The figure for the Netherlands also shows a fairly rapid expansion. The figure for Germany which was expanding rapidly before 1914 was seriously held back not so much by the first war as by inflation. What will happen to German productivity now is an open question. But in my opinion, and from the evidence I have been able to receive from the German statisticians, a very rapid rate of increase in the next five or ten years is quite possible. I might add that a rapid recovery of Japanese productivity is not only possible but extremely probable and Indian industry will not escape the pressure of this principal competitor; but competition will benefit both. The most rapid rate of increase in Europe has been in the Scandinavian countries. In 1900, Norway and Sweden stood at the figure .17, that is, their economy was poorer than that of Japan and Italy at the present time. By 1939, Norway and Sweden had raised their productivity to a level comparable with that of Britain or Germany.

I have made it clear that I am speaking throughout of real product per man-hour of work. I am not talking of production in the aggregate. You can get the total production by multiplying these figures by the population and the number of hours worked per year.

Another extremely rapid advance is shown by Finland.

One of the curious and rather disquieting things which emerges from this analysis is the fact that the rich nations get richer and the poorer nations, though they are not becoming poorer, show a rate of economic progress which is disappointingly slow. The result is that the gap between the rich and poor countries gets wider and wider. I was very conscious during my recent journeys of the widening of the gap between America and Britain. As the countries get further apart in their economic productivity, there is always the danger that they will get further apart in their social and political ideas. What applies to America and Britain applies to Europe and Asia also.

The reason why we should get these different rates of progress is something which I will analyse further after we have examined some of the factors involved. The first thing which we might consider is the exploitation of natural resources. As I have already indicated in the matter of Canada and New Zealand, in certain countries, the exploitation of natural resources may yield, for a limited population, a high real income, but it is not a rapidly expandable income. The great expansion which is shown by America, Britain and Germany was based on industry and not on agriculture. I will give you some of the figures of agricultural productivity. I have already mentioned New Zealand which stands at the head of the list, 2,000 International Units per year per man engaged, Australia 1,300, Argentina 1,100, the U. S. A. not much over 600 corresponding to the figure for Denmark which is the highest of the European countries. The Western European countries are mostly in the range of 300 to 500. When we come to the countries of Eastern Europe, that is to say, the Balkans and the Soviet Union, the figure falls to 150, which incidentally is almost the same as Japan. Although Japan is much more crowded than the Balkans or Russia, she manages her agriculture efficiently well to get about the same net return per man at work. The figure for India is 83 and the figure for China is 46.

If you want to compare the figure which I have given you of 83 International Units per man-year of agricultural work with the figure .07 International Units per man-hour, multiply .07 by 3,000 and that gives you the figure 210 International Units per man-year. But a large part of that 210 represents not the real product of agriculture, but the values added to the agricultural produce by the peasant and his family in making the food fit for consumption, work which in other countries involves a lot of labour in the transport and distributive trades. India as it were gets a large part of her national income without any effort on account of the simple fact that she does not need transport and distribution; she consumes on the spot where it is grown. That is an element which only very poor countries can enjoy. As India becomes wealthier, she will have to transport and distribute her food more instead of getting these services free as she does at present.

One of the most outstanding laws of economics is that as the wealth of a country advances, the proportion of its population engaged in agriculture is bound to fall. The reason for this is not far to seek. An American enjoys a real income 14 times as high as an Indian; but an American however does

not eat 14 times as much food as an Indian. He may eat about four times or possibly five, but certainly not 14 times as much.

It follows that in America a smaller proportion of her population is engaged in producing food than is the case in India. In China which has the poorest economy of all, 70 per cent. or more of her labour is devoted to food production. In India the figure is somewhat between 60 and 70 per cent. it is very hard to judge. When you took the Census in 1941, owing to the war emergency apparently, the work was abandoned before you tabulated the industries and occupations. In the other Asian countries similar high figures prevail. In the poorest parts of Europe—in the Balkan States the ratio is about 65 per cent. In Russia as a result of great efforts the figure was brought down to 58 per cent. In Japan where industrialization has proceeded more rapidly the figure which was 70 per cent. some 30 or 40 years back has now been brought to 36 per cent. In Canada it is 30 per cent., in U. S. A. 16 per cent. France though she produces nearly the whole of her own food, only employs about 25 per cent. of her working population to produce it. Germany which imports more food has a figure of only 17 per cent. Countries which rely to a large extent on food imports show even lower figure, for instance Belgium 14 per cent. and Britain 7 per cent. So it may be taken that one of the most fundamental laws of economic development is that as the country becomes richer she is able to live with a smaller proportion of her population engaged in agriculture. The figure is made even lower of course when a country imports a large proportion of its food as Britain or Belgium. For that matter Japan and the U. S. A. both import quite a substantial fraction of their food supplies and have brought down the size of their agricultural population correspondingly.

Now the next thing to consider is manufacture. The proportion of the working population engaged in large-scale manufacture in India is only 2 or 3 per cent. and there is much room for large expansion. On the other hand it is no good preparing an over-enthusiastic plan of development which will provide for too large a population to be employed in manufacture. America has only 25 per cent. of her people employed in manufacturing industry. There she has about 16 per cent. on agriculture, about 24 per cent. in manufacture and the remaining 60 per cent. in building, commerce, transport, public administration, teaching, entertainment, personal services etc. As the Indian economy develops—this is one of the things which Prof. Thomas has always pointed out—you must make adequate provision for a suitable output from the service industries. Now while manufactures are generally carried out on a large scale and involve some concentration of population and finance, the service industries are the reverse. They have to be carried on a small scale. They involve therefore a de-concentration of population and de-concentration of finance and thus it is all the healthier for the Indian economy in the long run. We must conclude therefore that while manufacturing production is a very necessary stage in the country's economic development, it is not the final stage and that after a certain level of wealth has been reached, an increasing proportion of the community's demand is for these intangible services and that involves a very different social organization.

Now finally what are the factors which make progress possible. Many economists say that what really matters is capital. I am going to be a little cautious on this question. I am not going to deny the proposition and I am not going to say that a country can become rich without capital. On the other hand I will say this that a country's need for capital is to some degree flexible. By careful economic planning and by the best use of modern technical ways you may sometimes enrich the country with a less utilization of capital than would otherwise be necessary. It is not always realized that while many inventions necessitate great investment in new capital, there are a number of inventions which have a capital saving effect e.g., the increasing speed and capacity of steamships as they are built now as compared to 40 years ago instead of involving extra investment has had the reverse effect. It has meant a great capital economy. The invention of telephone which involved a certain amount of capital investment has had quite an exceedingly good effect on commerce. I think everybody here will realize that owing to the existence of rapid transport and telephonic communication merchants now-a-days carry very much smaller stocks than their fathers did before. The use of motor vehicles in place of rail transport involves an important capital economy to the community in certain circumstances. This is a very important matter for India. If you concentrate development on light industry rather than heavy industry your need for capital would be very much less. Japan from the start concentrated her development on heavy industry and we must realize that that involved imposing very much heavier sacrifices on her people than would have been the case if she had mainly concentrated on light industry. Therefore I say economic progress necessitates a good deal of capital investment. To give the degree of industrial progress envisaged by the Bombay plan is going to require in my opinion a great deal more capital than even the authors of the Bombay plan have envisaged. Capital is going to be required on an even larger scale. Now India's capacity to save is really, in relation to her income, quite high, as indeed was the case also with Japan. The extreme thrift of the people was one of the things which made this possible. India, as far as can be ascertained, saves some 6 to 7 per cent. of the national income which is a high figure for a poor country. But any higher rate of saving than that is going to necessitate a severe reduction in the standard of consumption of the Indian population. Even if you get some slight increase in the rate of saving, the amount of Indian saving which you are going to get during the next ten years is going to fall very far short for providing the necessary capital, even under the most favourable circumstances, for the development of Indian industries. So unless there is a big inflow of foreign capital in some form or another the growth of Indian industry and the rise of her national income is going to be held back. To me, that is clear as A, B and C. I know there are political questions involved and I don't think anybody would suggest that indiscriminate admission of foreign capital should be made. I think the primary political question which concerns everyone, quite rightly, is that you don't want foreign capital to get control over the key industries of the country. For that matter if I were

an Indian politician I would not want an Indian capitalist to get control over key industries. I think industries which are absolutely vital to the national development like steel and chemicals, railways, shipping, banking and insurance should be nationalized. They should be owned by the national, provincial or municipal governments. In that respect I am more of a socialist than many of you, probably; on the other hand once you have established national or provincial control over the key industries, I think the remaining industries should be left open to competitive enterprise. In that respect I am much less of a socialist than many of you. What I think India needs is a perfectly sharp division between her key industries which must be planned and developed under national auspices, and the other industries; the light industries, agriculture and commerce should be left to private enterprise. In industries which provide useful things but not of key essentiality to the national life, you can have foreign capital. The American economists and businessmen are well aware that for their own stability they will have to have some outflow of capital and they are already getting very interested in India and the form in which they want to bring their capital is the form which will be most beneficial to India. They want to come in and open branches with American capital and equipment and American skill. I think the average American capitalist would be willing to accept what you regard as the most important condition, that he should employ a large Indian staff and should provide training for young Indians so that they may eventually be able to carry on the industries themselves. If you can attain that measure of agreement with American and European capitalists, then I don't think you need worry about demanding 50 per cent. shares or anything of that nature. Because if they are confined to the field of light industry and service industries, where they cannot secure control over any key element in the national economic life, I don't think you have much to worry about.

But capital, although it is an important factor for the development of the economy, is not to my mind the most important factor. There are one or two other factors which count e.g., education. The rapidity of development in Japan, the U. S. A. and Scandinavia is largely attributable to their excellent technical education and its wide diffusion. It may be the case that the American universities in some cases may not give such a high training as the European universities but for every one man trained in Europe, America trains 100 men, and they will be able to enrich the community more. So, don't be afraid to diffuse as widely as you can technical education and also general education. A man with education is much more adaptable in business than an uneducated man. In Indian schools they have proceeded on the assumption that every man was going to be a banker or government official and there has been a hopeless oversupply of men trained in the literary and commercial subjects and there is a serious under-supply of men trained in scientific and technical subjects. The schoolmasters in India train men for the world as it was 50 years ago.

Finally the last and most important factor in economic progress is the character of the people. As our proverb goes, 'a house built upon sand will

not stand when the storm comes'; and, therefore, as I think everyone of you will realize, because Indian people generally have a much quicker and deeper perception of spiritual issues than Europeans have, that it is the character of the people, their willingness to work hard, their sense of justice and fair dealing with each other, their obedience to governmental authority, their freedom from corruption, their sense of charity, their sense of obligation to the community and towards their neighbours—it is on these factors that in the last analysis prosperity will rest.

## THE GOVERNMENT OF CEYLON

*By* W. IVOR JENNINGS

CEYLON has been described as the model colony because, by the time these words are published, it will have completed by peaceful evolution the full development from crown colony to independence within the British Commonwealth of Nations. The Dutch territories in the Island, which did not include the Sinhalese kingdom of Kandy, were captured by the British in 1796 as an incident in the French war. They were at first attached to the Madras Presidency, but when they were formally ceded to the Crown by the Treaty of Amiens in 1802 they were converted into a crown colony. The kingdom of Kandy was vested in the Crown by the Kandyan Convention in 1815 and for a time was governed separately; but by 1833 it had been assimilated with the rest of the Island. Until 1920 Ceylon was governed autocratically as a crown colony with the usual Executive and Legislative Councils, the former being wholly nominated and containing an official majority, the latter containing an official majority, though the unofficial element was gradually increased and included a small elected element from 1910.

In 1920 an unofficial majority was provided in the Legislative Council, but the Governor was given special powers in matters of 'paramount importance' and only 19 of the 37 unofficial members were elected—eight of them for communal seats. In 1923 and 1924 the Constitution was again altered, with the result that the colony obtained representative government. The Legislative Council then contained 12 officials, 3 nominated unofficial members, 23 members elected for territorial constituencies, and 11 members elected for communal constituencies. The franchise was very restricted (only about 4 per cent. of the population voting), the Executive Council was still wholly nominated, and the Governor retained special powers.

Seven years later the Constitution was again amended following the recommendations of the Donoughmore Commission<sup>1</sup>. Two changes of fundamental importance were introduced; the franchise was extended to all domiciled adults without a property or literacy qualification, and communal representation was abolished. The State Council which replaced the Legislative Council consisted of 50 members elected for territorial constituencies, eight members nominated by the Governor to represent minorities, and three officials

<sup>1</sup> Cmd. 3131 (1928).

with the right to speak but not to vote. The 58 unofficial members divided into seven executive committees, which were charged with the general direction and control of administration, except for defence, external affairs, the public services, law and finance, which were controlled by the three officials as officers of State. Each committee elected a chairman who was appointed as Minister by the Governor. The seven Ministers formed with the three officers of State the Board of Ministers, but again the officials had no right to vote. The Board was collectively responsible for financial measures and for the arrangement of the business of the State Council. The Governor retained special powers but used them sparingly.

## II

The Donoughmore Constitution was accepted by the Legislative Council by a majority of two votes only. It was boycotted in the Northern Province not only because it gave inadequate representation to the Tamils but also because it did not provide for self-government. Immediate efforts were made by the State Council elected in 1931 to secure radical amendments. There were debates in the Council and representations by the Board of Ministers, but both were unsuccessful. One of the reasons given was that the Board, like the Council, was not unanimous. It contained two minority members who dissented from their colleagues' proposal to have the Ministers elected by the State Council and not by its executive committees because the proposal might result in an exclusively Sinhalese Board. After the elections of 1936, therefore, the Sinhalese leaders arranged to have a wholly Sinhalese Board elected under the existing rules, thus demonstrating to the minorities that in any event they must depend on Sinhalese votes. This step, even if justified in the short term, was unfortunate in the long term, for it weakened the Ministers' own case; henceforth it could be alleged that their proposals were mere Sinhalese proposals.

Further proposals were made by the Board in 1937 and resulted in a decision that the new Governor, Sir Andrew Caldecott, should make a comprehensive report on the subject. This report was published in 1938<sup>2</sup> and was debated at length in the State Council, most of its proposals being decisively rejected, though there was no agreement on alternatives. Meanwhile war had broken out. In 1940 it was decided to prolong the life of the State Council and in 1941 it was announced that the question of constitutional reform would be examined by a Commission or Conference after the war. This was unacceptable to the Ministers who continued to press for a decision. In 1942, on the occasion of the Cripps Mission to India, the State Council voted unanimously for Dominion Status and requested that Sir Stafford Cripps should visit the Island. This was refused, but in May 1943 a further declaration was made, stating that the post-war examination of the problem would be directed towards full self-government in matters of internal civil administration and authorizing the Ministers to draft constitutional proposals subject to certain conditions

<sup>2</sup> Cmd. 5910.

relating mainly to defence and external affairs. The acceptance of their proposals was made conditional on their being supported by three-quarters of all the members of the State Council.

The Ministers accepted the offer on the basis of an interpretation which was declared by the Secretary of State to be 'not irreconcilable' with the Declaration of May 1943. They proceeded to draft a Constitution which was submitted in February 1944<sup>3</sup>. His Majesty's Government thereupon decided to appoint a Commission, with Lord Soulbury as chairman, to examine this and other proposals. The appointment was regarded by the Ministers as a breach of the Declaration of May 1943; they therefore withdrew their Draft Constitution and refused to give evidence to the Soulbury Commission. Nevertheless, the Commission accepted the Ministers' scheme subject to the addition of a fairly impotent Second Chamber and a number of minor modifications<sup>4</sup>.

Meanwhile the Leader of the State Council, Mr. D. S. Senanayake, had been invited to London. He submitted a case for Dominion Status. It was rejected as an immediate policy, but some important modifications of the Soulbury scheme were made in a White Paper<sup>5</sup>, which also contained a conditional promise of Dominion Status in the not too distant future. The White Paper was accepted by the State Council by 51 votes to 3, the small minority being composed of the two Indian members and one left-wing Sinhalese. All the other Sinhalese, all the Ceylon Tamils and all the Muslims who were present at the debate voted in its favour, there being no abstentions. Accordingly the Ministers had obtained not a mere 75 per cent. majority but practically 90 per cent.

The Order-in-Council containing the new Constitution was thus based on the Ministers' Draft, as modified by the Soulbury Commission, as modified again by the White Paper. A Delimitation Commission having been set up, new constituencies were delimited and new electoral registers prepared. A general election was then held in September 1947 and resulted in the return of 42 members of the United National Party (U. N. P. formed by Mr. Senanayake), 18 Marxists (divided into three groups), 14 communal candidates (seven for the Tamil Congress and seven for the Ceylon Indian Congress), and 21 Independents. Six more Independents were appointed by the Governor to represent Burghers and Europeans. Mr. Senanayake formed a Government consisting of members of the United National Party (nine Sinhalese and one Muslim), two Independents (both Ceylon Tamils), and two persons (both Sinhalese) who will presumably be elected or nominated to the Senate. At the moment of writing, only nine of the Parliamentary Secretaries have been selected. Of these, seven (five Sinhalese and two Muslims) are members of the United National Party and two (one Sinhalese and one Tamil one) Independent. It seems probable that the U. N. P., with Independents' support, will be strong enough to maintain a majority in both Chambers.

<sup>3</sup> Sessional Paper XIV of 1944.

<sup>4</sup> Cmd. 6677.

<sup>5</sup> Cmd. 6690.



## III

The new Constitution makes no change in the franchise. Its foundation is domicile, all persons over 21 domiciled in the Island being entitled to vote. There is in addition a literacy and property qualification which brings on the registers a substantial number of non-domiciled Europeans and Indians, especially in Colombo. It is also possible to take out a 'certificate of permanent settlement' which entitles to the franchise, but Indian labourers generally, on the advice of the Ceylon Indian Congress, have not made use of this provision. The Ceylon Indian Congress considers that Indians of five years' residence should be treated as domiciled, while most of the Ceylonese claim that persons not domiciled by birth should prove domicile according to law before being admitted to the franchise: A tentative agreement made in 1942 between the two Governments was ultimately rejected by the Government of India. The vote of the Indian members against the White Paper in 1945, the putting up of communal candidates at the general election, the appeals to the Indian voters to vote for the Prime Minister of India (who was alleged without authority to be supporting the Ceylon Indian Congress), and the use of the Indian vote against U. N. P. candidate in constituencies where there was no Ceylon Indian candidate, have not increased the chances of a successful negotiation. The Ceylon Indian Congress had a total poll of 72,230 and obtained 7 seats, while the U. N. P. had a total poll of 744,054 and obtained 42 seats.

The Donoughmore Commission rejected communal representation in 1928 and, in the opinion of most competent observers, this is one of the reasons for the quiescence, if not obsolescence, of communal politics in Ceylon. The Ministers in their Draft Constitution similarly rejected communal representation, but provided weightage for sparsely-populated provinces with the deliberate intention of increasing minority (i. e. communal) representation. The Soulbury Commission accepted this scheme, but also suggested the possibility of multi-member constituencies. The Ministers then accepted a voting scheme which would make this possible. The election shows that these arrangements produced a substantial minority representation, but the principle of territorial representation was maintained, so that every elected member of the House of Representatives sits for a territorial constituency. The communal distribution is as follows:—

<i>Province</i>	<i>Sinhalese</i>	<i>Indian or Tamil</i>	<i>Muslim</i>	<i>Burgher</i>
Western .. .. .	18	—	1	1
Southern .. .. .	12	—	—	—
Central .. .. .	10	5	—	—
North Central .. .. .	5	—	—	—
North Western .. .. .	9	—	1	—
Northern .. .. .	—	9	—	—
Eastern .. .. .	—	3	4	—
Uva .. .. .	4	3	—	—
Sabaragamuwa .. .. .	10	—	—	—
	<hr/> 68	<hr/> 20	<hr/> 6	<hr/> 1

Taking the votes in round figures, they were:—

<i>Community</i>	<i>..</i>	<i>..</i>	<i>.</i>	<i>seats</i>	<i>Votes</i>	<i>Votes Per Seat</i>
Sinhalese	..	..	.	68	1,443,000	21,200
Tamils	..	..	.	13	240,000	18,400
Indians	..	..	.	7	75,000	10,700
Muslims	..	..	.	6	70,000	11,700
Burghers	..	..	.	1	16,000	16,000

It is thus clear that the Ministers' scheme considerably improved minority representation, though it must be realized that, since there were no communal seats, there was a good deal of cross-voting.

Also, the main parties were not only non-communal but anti-communal, and among them they obtained 60 out of 95 seats. The only specifically communal candidates were those of the Tamil Congress and the Ceylon Indian Congress, which obtained only 155,000 votes out of 1,870,000 votes cast, or only 8 per cent. It is true that Sinhalese candidates were put up in Sinhalese areas, Tamils in Tamil areas, and Muslims where they had some chance of success: but that was the basis on which the Ministers worked, namely, that *areas* where the minorities were strong should have stronger representation. Neither the U. N. P. nor the Marxist parties secured the return of a Tamil; but the U. N. P. was able to form a Government which was communally representative by bringing in Independent candidates. In terms of parties the results may be analysed thus:—

<i>Party</i>	<i>Sinhalese</i>	<i>Tamil</i>	<i>Indian</i>	<i>Muslim</i>	<i>Burgher</i>
United National .. .	37				
Sama Sama Ja (Trotskyist) .. .	10				
Bolshevik-Leninist .. .	5				
Communist .. .	2				
Tamil Congress .. .					
Indian Congress .. .					
Independent.. ..	14				
	<hr/>				
Total .. .	68	13			

Except in the Northern Province, the essential contest was a purely political one, between the right-wing U. N. P. and the three Marxist parties.

#### IV

The Ministers had not suggested a Second Chamber because the subject was controversial and they needed a 75 per cent. vote in the State Council. Accordingly, they merely authorized the First Chamber to create a Senate by majority decision. The Soulbury Commission insisted on a Senate, however, because:—

1. Under the Donoughmore Constitution there was little risk of 'hasty and ill-considered legislation' reaching the statute book because of the powers of the Governor. Those powers having been removed, a revising Chamber was a necessity.

2. Some of the most eminent men and women in the country would not seek election but could make 'a valuable contribution to the political education of the general public'. They would be persons 'upon whom party or communal ties may be expected to rest more lightly, and who can express their views freely and frankly without feeling themselves constrained to consider the possible repercussions upon their electoral prospects'.
3. The Second Chamber would help the communal minorities because it would be 'a means of handling inflammatory issues in a cooler atmosphere'.

The Senate will be composed on the Burma model, though without the property qualification laid down in the Government of Burma Act, 1935. Senators must be 30 years of age and qualified to be electors. Fifteen will be elected by the House of Representatives by means of the single transferable vote and then fifteen will be appointed by the Governor acting in his discretion after consulting the Prime Minister.

If the members of the House of Representatives vote the party tickets, the U. N. P. will be able to elect at least six, the Marxists at least three, and the Tamil Congress and the Ceylon Indian Congress one each. The other four seats would be doubtful, though the U. N. P. would probably get one of them.

The Governor is instructed to 'endeavour to appoint persons who, in his judgment, have rendered distinguished public service or are persons of eminence in professional, commercial, industrial or agricultural life, including education, law, medicine, science, engineering and banking'. He is authorized, but not compelled, to consult persons or bodies representative of any profession or occupation.

The Soulbury Commission recommended that senators should sit for nine years, one-third retiring every third year. On Mr. Senanayake's representation, however, the White Paper provided that they should sit for six years, one-third retiring every two years. This will of course result in a gradual change in the party character of the elected members. At the first election there will be 15 seats to fill and seven preferences will win a seat; at subsequent elections (beginning in 1949) there will be only 5 seats to fill and 17 preferences will be required to win a seat. Retirement in 1949 and 1951 is by lot; and if a Tamil Congress or Ceylon Indian Congress representative retires he may not be re-elected. Probably the communal organizations will support each other's candidates, but if both representatives retire at the same time only one could possibly be re-elected.

The Soulbury Commission stated that the powers of the Senate should be 'powers of delay for the purpose of giving time for reflection and consideration.' Under the Constitution, 'money bills' must originate in the House of Representatives and can become law if they are not passed by the Senate in one month. Any other Bill may be delayed by the Senate for one session. The definition of 'Money Bill' is a good deal wider than that of the Parliament Act, 1911, and is in fact designed to overcome the difficulties to which that definition has given rise.

## V

The system of government is plain and simple Cabinet Government with no frills of any kind. It is certain that a convention of securing representation for communal minorities will develop, and Mr. Senanayake went outside his party to offer office to two Ceylon Tamils who stood as Independents. He was able to select a Muslim from within his party. Among the nine Parliamentary Secretaries so far appointed, too, are two Muslims and a Tamil. Since there are vacancies for five Parliamentary Secretaries, other minority members may be appointed when the nominated seats in the House of Representatives have been filled and the Senate has been constituted. There is, however, no hint in the Constitution that this convention should be established.

The Cabinet consists of all the Ministers. It is specifically made responsible to the House of Representatives and the conventions of the United Kingdom are expressly incorporated. Not less than two Ministers and not more than two Parliamentary Secretaries must be in the Senate. The number of Ministries is not fixed; though the Ministers' scheme provided for ten, the Soulbury Commission recommended that the number be left indeterminate. Mr. Senanayake has in fact provided for thirteen.

In some respects the Donoughmore Constitution bore relics of a colonial system in which officials were 'Heads of Departments' co-ordinated only at the political level through the Executive Committees. This meant that there was in fact very little co-ordination. The Ministers' scheme therefore provided for the integration of the Departments into Ministries. The new constitution has not gone so far but has merely provided for the appointment of a Permanent Secretary under each Minister who will, it is hoped, separate the political questions from the administrative, thus avoiding on the one hand the intrusion of politicians into administration and on the other hand the encroachment of administrators on politics.

The appointment, dismissal and transfer of officers has been taken out of politics altogether. It was believed by many that such communalism as existed in Ceylon was due in large measure to a fear of communal prejudice in the public service. Accordingly, the Ministers recommended that all appointments to the public service be controlled by an independent Public Service Commission and that all appointments to the judicial service be controlled by an independent Judicial Service Commission. The Soulbury Commission extended this arrangement to promotions and transfers, and the only modification of this scheme made by the Constitution is that the Prime Minister must be consulted.

It was of course realized by the Ministers when they opted for Cabinet government that it would require the development of a party system. The basis for that system existed already; for though the peculiarities of the Donoughmore Constitution masked the conflict of economic interest and exaggerated the communal complaint (which has no economic basis), it was clear enough that the former conflict was the one which mattered. The Ministers therefore formed the U. N. P. as a party of the right-centre. Though there was no

time to build up an organization in depth and in some constituencies two or more U. N. P. candidates were recognized, it was able to contest 76 of the 89 constituencies and to win 42 of the 95 seats. In the Sinhalese areas the main opposition came from the Marxist parties, which put up 51 candidates and won 18 seats. All these parties regarded the intervention of the Tamil Congress and the Ceylon Indian Congress as irrelevant and mischievous; but the Tamil Congress won 6 of the 9 seats in the Northern Province and one in the Eastern Province, while the Ceylon Indian Congress won seven of the seats in the hills. The feature of the election was, however, the slaughter of the Independents and the splinter parties. There were 196 such candidates and only 21 of them were elected. Of the 175 defeated candidates no less than 104 forfeited their deposits through getting less than one-eighth of the votes cast. What is more, most of the winning Independents were in the educationally backward constituencies where the illiterate electorate has yet to learn the meaning of party. The experience of the Independents in the House of Representatives will no doubt demonstrate that there is no place in the new Constitution for more than a few of them; and, though it will be long before a two-party system is established, the great majority of the constituencies are likely to return party men next time.

## VI

There are restrictions on the sovereignty of Ceylon, particularly in the fields of defence and external affairs, in the present Constitution. They need not be described, for they are to be swept away before this appears in print. On the day the Declaration of May 1943 was received Mr. Senanayake stated that he proposed to recommend to the Board of Ministers and the State Council that the offer be accepted as a step towards Dominion Status. His efforts since that day have been directed towards securing that status by peaceful persuasion. The Ministers' interpretation of June 1943 pressed open the door a little wider. Their constitutional scheme pressed the Declaration, so interpreted, to the utmost limit and perhaps a little beyond: it was indeed carefully drafted to enable it to be converted into a dominion Constitution with only incidental amendment. When it was discovered, in July 1945, that the Soulbury Commission had accepted the main lines of the Ministers' scheme, Mr. Senanayake stressed its incongruities and difficulties and made a forceful plea for dominion status. As a result, dyarchy was completely removed and a contingent promise of dominion status was obtained in the White Paper.

The next step was to secure a virtually unanimous vote from the State Council, and this was done. All communities except the Indians supported the White Paper. In the process of drafting every care was taken to get all incidental questions decided in favour of self-government. Finally, in February 1947, Mr. Senanayake felt strong enough to reopen the question of dominion status. The White Paper had been accepted almost unanimously, an agreed Constitution was coming into operation, and the constituencies had been delineated. He asked for, and obtained, an undertaking that as soon as responsible government had been established and agreements for the transfer of power had been

made, Ceylon should become a fully self-governing member of the British Commonwealth of Nations. His Majesty's Government acceded to the request in June 1947 and tentative agreements, for submission to both governments, were made. There is not the slightest doubt that they will prove acceptable to the new Cabinet.

Thus Ceylon will have obtained dominion status by peaceful persuasion, without a shot being fired or a civil disobedience movement. It is no doubt true that the persistent propaganda of the Indian National Congress helped to educate British opinion towards self-government for Ceylon; but it is believed by many that the communal difficulties of India helped to overemphasize the minority problem in Ceylon and that, had India accepted the offer of August 1940 or the Cripps plan, Ceylon would have been accorded dominion status in July 1945.

There is of course a section of opinion which favours independence outside the Commonwealth. It is not however clear how much of this is mere electioneering. The U. N. P. obtained great kudos from Mr. Senanayake's successful strategy and did not hesitate to use it in the elections. The Island's strategic position is a potential source of danger in the event of war, and the danger will be increased if the Indian Army becomes no longer available for its defence. What it requires most, however, is defence by sea and air. Since the Island is a link in the sea and air-routes from Europe to Australasia it is equally important to the British Commonwealth that it should be adequately defended. It is therefore contended that an agreement can be made with Great Britain which does not interfere with the Island's independence but which is mutually advantageous to both countries. Further, the Island's economic relations are mainly with the remainder of the Commonwealth and it would suffer severely from the loss of imperial preference. It is on these grounds that the case for independence within the Commonwealth is based, and it is not very clear that there will be any considerable opposition once the new system is working and its advantages become obvious.

## THE NEW CONSTITUTION OF CHINA

By HSYU YIH-SHENG

By the promulgation of the New Constitution on 1 January 1947, China stands on the threshold of a constitutional régime with a democratic basis and the period of political tutelage under the Kuomintang will come to an end at the time of its enforcement on the coming Christmas Day. Several steps have successively been taken in the preparation for its enforcement. Immediately after the promulgation, the National Government has been re-organized as an interim government by allocating some highest governmental posts to the members of the two minor parties—the China Youth Party and the Social Democratic Party. Supplementary laws on the organization of the constitutional government and the various elections and recalls were published. Institutions for holding such elections were simultaneously installed. Meanwhile, the bloody and fratricidal war continues with increased momentum

for the purpose of suppressing the Communists who denounce it as illegal and mobilize their armed forces into open revolt. Although no peaceful solution appears to be in sight, the National Government is determined to enforce the New Constitution at all costs, by ballot as well as by bullets.

Demands for the establishment of a constitutional democracy and the transfer of the reins of government to the people have been the main planks of the popular movement in recent years. One who admires a liberal democracy with a multi-party system always looks at a single-party rule as having the tendency towards a military and personal dictatorship. Conflicting personalities, and the formed and disbanding cliques, lay behind the politics of the intra-party struggle for domination. The Communist schism and insurrection, the Japanese aggression and invasion, the devastating civil strife, together with the bankruptcy of the rural economy, have landed the country in a chaos. In order to cope with such a national crisis, the most urgent and necessary programme is to broaden the foundation of the National Government upon a more democratic basis by shortening the period of political tutelage and establishing a constitutional government. This movement, started in 1929, has continued throughout the whole period of the late Sino-Japanese War and found expression in many of the resolutions of the Peoples' Political Council.

In the meantime, the establishment of a constitutional government has been avowed to be the final aim of the National Government in her reconstruction plans, as it had been definitely laid down in Dr. Sun Yat-sen's 'Fundamentals of National Reconstruction'. According to his programme, the process of establishing a genuine democracy would be conducted by a course of revolutionary action consisting of three steps, namely, the period of Military Operation, the period of Political Tutelage, and the period of Constitutional Government. In the first period, the party shall come to power and exercise its control over the whole nation by force. After having swept away the last vestige of feudalistic militarism and mandarinism in China it shall pass to the period of political tutelage. During the second period, the Kuomintang, acting as the sole agent in the exercise of the political authority, shall devote itself to the political education of the people in the arts of democracy by developing local self-government throughout the country so as to further the social and economic reconstruction and the gradual establishment of constitutional government as its final aim. From the theoretical point of view, this political tutelage differs from the Fascist régime and resembles the Russian one in that its dictatorial character is avowed to be transitory, and democracy is regarded as the definite goal of the political programme. It is only in the third and final period of constitutional government, that the people shall become sovereign and take the reins of government. For an understanding of such a programme it is necessary to take a brief glance at the constitutional development since the last decade of the Manchu dynasty.

It is generally alleged that though the constitutional movement in China has a history of more than forty years, it has been proved to be a definite failure. Nevertheless, it represents a struggle for democracy, and illustrates the immense difficulties of transplanting exotic institutions without first preparing the

soil for it. Before the establishment of the National Government, there were six documents that have claimed recognition as the Constitution, permanent or provisional, of the country; but they were soon ignored and became obsolete. In 1908, the Manchu dynasty, upon the popular demand for a constitutional monarchy, promulgated an outline of Constitution, modelled after that of Japan, which placed a monarchy with an inviolable and omnipotent emperor, alongside an enumeration of the rights and duties of his subjects. At the threat of revolution, the Manchus hastily promulgated the last charter, the Nineteen Articles of 1911, copied from the British constitutional monarchy with Cabinet system of government.

With the establishment of the Republic, the first document in the nature of a constitution was the General Plan for the Organisation of the Provisional Government, modelled somewhat after the American Constitution with a Presidential system and a Senate. The Provisional Constitution of 1912 introduced in its rudiments the French system of the premier's responsibility to the Parliament, thus putting Yuan Shih-kai in a position to exercise the function somewhat like a French President. Although in the Third French Republic the power of dissolution was scarcely exercised, yet Yuan dissolved the Parliament in the next year. He promulgated a Constitutional Compact in 1915, and reintroduced the Presidential system to enable him to return to personal dictatorship and eventually to crown himself as the Son of Heaven. After the death of Yuan Shih-kai, the Parliament convened in 1916 endeavoured to draft a permanent Constitution for the country. But before finishing the task, it was dissolved again under the pressure of the militarists in the next year. Then followed the restoration of ex-Manchu Emperor by General Chang Hsün and the civil strife among the various military cliques. In 1923, Tsoo Kun, by using heavy bribes, got himself elected to the Presidency and in order to legalize his position, hastily revised the draft of 1917 and promulgated it as a permanent Constitution, modelled largely upon the Third French Republic with variations borrowed from Germany and America. But it was never treated with respect by the government of the day nor had it acquired any authority among the people and finally the *Coup d'état* of 1924 set it aside *in toto*. In the following years the militarists reigned from all quarters and the country was in a condition of anarchy.

The vicissitudes of the Peking Republic showed no sign of a natural constitutional development. *Coup d'état*, brusque change and sudden break of continuity had frequently happened. The form of government was rather superficial. It was saturated with Western formalism and was far removed from being a reality in its operations. The dominant forces in the scene were the feudalistic militarists and the mandarinates, under whose autocratic and despotic rule, the people lived in ignorance. The Parliament, though thrice convened but was shortly dissolved under pressure, merely became the tool and then the victim of those who had no belief in parliamentary rule.

Upon the success of the Northern Expedition and the unification of the country by Kuomintang in 1928, the National Government in Nanking announced



the ending of the period of Military Operation and the beginning of the period of Political Tutelage, which was set for 1930-1935. The National Government, although adopted the committee system after the Soviet model during its first period, was reorganized in order to install the Five-Power Constitution, a system unique among the modern States. It entrusted the five fundamental divisions of governmental activities to the following Yuans,—the Executive, the Legislative, the Judicial, the Examination and the Censor. The government was headed by a President wielding considerable power, with a Council of the State serving as the chief co-ordinating agency. All the major and key positions were elected by and responsible to the Central Executive Committee of the Kuomintang which was elected by the National Party Congress, the Supreme organ of the party. The Central Executive Committee created a Central Political Council which directed and controlled the National Government in the administration of State affairs. Thus the flow of political authority ran from the Central Executive Committee, the Central Political Council to the National Government. This Party-Government relationship was sanctified by the promulgation on 1 June 1931, of a Provisional Constitution which was enacted and adopted by a National People's Congress for the purpose of accelerating the realization of a constitutional government.

Had the Lukouchio Incident not happened, a permanent Constitution might have been adopted ten years ago. The chief political question before the National Government at the outbreak of Sino-Japanese war was the adoption of a permanent Constitution for the inauguration of a constitutional government. With a view to achieve national unity and reconstruction so as to resist the Japanese aggression, the Legislative Yuan since 1933, had endeavoured to draft a Constitution for China to make her a *San Min Chu I* Republic. Four drafts were prepared and revised, and a final draft was proclaimed on 5 May 1936 to be examined and adopted by a National People's Congress which would be convoked in November 1937. The Japanese invasion caused the establishment of the constitutional government to be postponed several times. At last it was scheduled for the Congress to be convened as a Constitutional Convention on 12 November 1946.

In the meantime, different and conflicting opinions were expressed as to the advisability of adoption of the Draft Constitution as well as to the composition of membership of the National People's Congress, since new factors have sprung up during the Sino-Japanese War. The Draft Constitution, in spite of its being a product of two-years' deliberative and prudential work, was much discussed. Numerous suggestions were proposed for its revision so as to make it more democratic and more adaptable to the peaceful reconstruction of China. Most of the delegates to the Congress were elected before the war and could not represent the *vox populi* after such a bloody resistance against the Japanese invasion for eight years. It was suggested that the Congress should be reorganized on a new electoral basis and be thrown open to all parties in the same way as it had been the case with the People's Political Council, which, as an advisory all-party representative body, had rendered valuable services to the National Government. Moreover, the reconciliation with

the Chinese Communist party after the New Fourth Route Army Incident in 1941 had not made much progress and the country was facing an imminent civil war after the Japanese surrender. By tolerance and compromise, agreements were reached in the Political Consultative Conference which was held in January 1946 and composed of the delegates from all parties including the non-partisans. The agreements laid down, among other things, twelve principles for the revision of the Draft Constitution and a quota of representatives for each party to participate in the Congress.

The National People's Congress was convened in November 1946. Its total membership, amounting to 2050, was made up of representatives elected from the provinces, municipalities, the professional groups, oversea Chinese, Inner Mongolia and Tibet, the Army and the Women's Associations, and in addition, the delegates of all parties. Members actually present, however, were more than sixteen hundred, dominantly the Kuomintang members, with a handful of the China Youth Partisans and non-partisans. The National Government was not successful in persuading the Chinese Communist Party and the Democratic League to participate. Both refused, despite the offer of a quota. Only the Social Democratic Party, affiliated to the League, was wavering. A revised draft Constitution, based mainly on the Draft Constitution of 1936 and modified in accordance with most of the principles proposed by the Political Consultative Conference, was submitted by the National Government for adoption. However, an opposition clique was formed, which proposed, as it did in March during the second plenary session of the Central Executive Committee, to work out a Constitution other than the revised draft and put it in force at once. It was owing to President Chiang Kai-shek, who used his personal influence to urge the whole Congress to vote for the revised draft and to act simply as a Constitutional Convention, that the revised draft got its passage with several amendments and its adoption on 25 December 1946, by a unanimous vote of the Congress.

The New Constitution, as a document, consists of 14 chapters and 175 Articles with a preamble declaring:

By virtue of mandate received from the whole body of citizens and in accordance with Dr. Sun Yat-sen's bequeathed teachings on the founding of the Republic of China, the People's Congress, in order to consolidate the State's Sovereignty, protect the people's rights, ensure social security, and promote people's welfare, do ordain this Constitution and cause it to be promulgated throughout the land for faithful and perpetual observance by all.

As a result of this preamble, the fundamental principles underlying the New Constitution could be traced to Dr. Sun Yat-sen's bequeathed teachings; but various deviations and inconsistencies occur as a result of the compromise between different and conflicting opinions, with Kuomintang's several concessions to the demands of other parties and non-partisans. Such case as has been stipulated in Art. 1 'the Republic of China, founded upon the *San Min Chu I*' is a democratic republic of the people, by the people, and for the people,' it may be noted, has been modified by an addition of Lincoln's motto. Neverthe-

less, since the *San Min Chu I*, or the Three Principles of Nationalism, Democracy, and People's Livelihood, was accepted as the cardinal principle for the reconstruction of China, it has been embodied elaborately and interwoven into numerous Articles throughout the text of the document. But great alterations were made in the organization, powers and functions of the People's Congress and of the Central Government, respectively. The government, in spite of retaining the Five Yuan system in form, adapts itself much more closely to the constitutional principles of modern democratic institutions.

The New Constitution provides that the sovereignty of the Republic of China, as it has been stipulated since the Provisional Constitution of 1912, is vested in the whole body of citizens, including all persons who acquire the Chinese nationality. Citizens express their sovereignty by the right of political franchise; and an equal universal suffrage is provided with age qualification fixed at twenty. Being discontented with a mere statement of popular sovereignty and having no belief in a purely representative system, the progressive movement in the United States has sought the means of giving direct to the people the power of exercising their sovereign rights by introducing the Swiss methods of initiative, referendum and recall, which were incorporated in most of the democratic constitutions in Europe after the first world war. Citizens are not only to control the government through their representatives; they are to be the direct holder of political power. This principle, known as the people's right to exercise the four 'political powers' was advocated by Dr. Sun Yat-sen since 1919, but owing to the vast territory and tremendously wide extent of electorate, it had paradoxically to be delegated to the People's Congress to exercise these powers as the supreme organ of the State. The People's Congress in the New Constitution is representative in principle, composed of delegates elected from each district and municipality, Inner Mongolia and Tibet, national minorities in the frontier regions, oversea Chinese, occupational and women's associations; but its powers and functions are greatly reduced to an electoral college and recalling agency of the President and Vice-President, and a constitutional convention for amending the Constitution by initiative and referendum. The representative system is strengthened by means of organizing the Legislative and the Censor Yuan each upon a different electoral basis. All their members are subject to the recall by their constituencies, and citizens remain to be a final resort of popular sovereignty. The people's right to exercise the power of election, recall, initiative and referendum is expressly stipulated.

Declaration of the rights is often incorporated in, or connected with, a written constitution; and the example is set by the American State Constitutions since 1776 and imitated in the French Revolution. The dominant note is individual resistance to oppression and the guarantee of individual's natural rights which are not derived from and are not to be modified by the laws of the State. By the French Constitution of 1793, duties are equally emphasized as correlative to rights, for society cannot be maintained unless those composed it both know and perform their duties. The Weimar Constitution in Germany followed a somewhat similar method by embodying the Declaration of the Fundamental Rights and Duties. It is a general saying that one of the most

difficult problems of democratic government is the reconciliation of individual interests with the general interests of the whole body of citizens. The individual freedom and the need for civic order should be very carefully balanced. Most of the previous Chinese Constitutions since 1908 provided a chapter on the rights and duties, in which the rights, after the continental fashion, were guaranteed, or should not be restricted except in accordance with the law. In conformity with the international movement for the protection of human rights sponsored by the United Nations, the New Constitution expressly and positively guarantees the rights and liberties which shall not be restricted by law, except for the sake of preventing interference with other's rights, averting a national crisis, maintaining civic order, or promoting public interest. The New Constitution, after laying down the two essential duties of paying taxes and performing military service, enumerate all the liberties and rights—personal, economic, social and political, such as, equal status before the law, irrespective of sex, religion, race, class and party; liberty of person, with minute provisions on the procedure of a writ of *Habeas Corpus*, freedoms of domicile, speech, lecture, writing and publication, of secrecy of correspondence, of religious worship, of assembly and forming associations; right to live, work, receive elementary education, and to hold private property; right to present petition, appeals and legal proceedings, right to exercise the power of election, recall, initiative and referendum, to compete in public service examinations and to hold public office, and all others which are not detrimental to civic order and public welfare. Any public functionary who illegally infringes upon any personal liberty or right shall, besides being subject to disciplinary punishment, be responsible under the criminal and civil law, and the injured person may claim from the State damages sustained.

In the framework of government, the traditional principle of the separation of powers is regarded fundamental and essential to a constitutional government as advocated by Montesquieu and strictly followed in American Constitutions. Although it has been criticized as inconsistent with realities and greatly impairing the governmental efficiency, those who emphasize on individual freedom still uphold it as a safeguard for democracy. They argued that if this principle were disregarded, the result would be an autocratic and tyrannical government. In the New Constitution, the governmental powers are distributed among five Yuans and each is the highest organ of the State in its sphere of powers. Nevertheless, over and above them stands the President of the Republic, who, being 'the Head of the State', is empowered to arbitrate in any controversy among the five Yuans, which cannot be settled according to constitutional provisions, by calling a conference of the presidents of the Yuans concerned. Moreover, in order to place additional limits on each *separate* Yuan, an elaborate system of 'checks and balances' is also provided, whereby the President of the Republic or each Yuan is checked by one another; but the operation of such inter-Yuan checks involves an overlapping of the spheres of powers.

Being elected by the People's Congress for a term of six years with eligibility for another term, the President of the Republic is vested with extensive

powers. He has a status rather close to the American Presidency. With the consent of the Legislative Yuan, he appoints the president of the Executive Yuan; and with the consent of the Censor Yuan, he appoints the president, vice-president and grand judges of the Judicial Yuan and the president, vice-president and Commissioners of the Examination Yuan. He is the Commander-in-Chief of the armed forces of the State, including the Army, the Navy and the Air forces. In accordance with the Constitution and laws, he shall promulgate laws, issue orders, declare war, negotiate peace and conclude treaties, declare and terminate the state of emergency, grant amnesties and pardons, appoint and remove civil and military officials, and confer honours. Moreover, during the adjournment of the Legislative Yuan, he is empowered to issue emergency ordinances with the resolution of the Executive Yuan, in case of natural calamities like plague, or financial and economic crisis which requires immediate steps to be taken. These ordinances shall be submitted, after one month of their promulgation, to the Legislative Yuan for ratification, and shall become null and void on rejection by the latter. In such a way, even if the Executive Yuan were a real cabinet government, the President of the Republic would not be a mere titular head of the State as the late President Lin Sen was, but would be like the Reich President under the Weimer Constitution.

The most delicate and disputed problem in the central government centres on the relations between the Executive Yuan and the Legislative Yuan. The success of English democracy depends much upon the cabinet system, which, by being a leading committee of the Parliament, has solved the problem of combining popular control with the governmental efficiency. It has been regarded as a great contribution to modern democratic constitutions and was incorporated with variations into most of the European Constitutions after the first world war. Since three of the previous Constitutions of China were modelled after the cabinet system, suggestions for adopting such a system were made during this New Constitution-making period, but different and conflicting opinions rendered it to be partially incorporated in the New Constitution. The president of the Executive Yuan is somewhat similar to the Prime Minister in assuming the rôle of a real executive by choosing his colleagues, including the vice-president and all the ministers and commissioners who are to be appointed by the President of the Republic on his recommendation. All laws and orders shall be countersigned by him or the ministers concerned. An Executive Council, composed of the president, vice-president and ministers and commissioners, with or without portfolio, shall decide on all the important matters which should be submitted to the Legislative Yuan for enactment, and matters pertaining to two or more ministries or commissions. The Executive Yuan is responsible to the Legislative Yuan for the submission of the governmental measures and reports, and its members are subject to interpellation, but without the power of dissolving the latter. Nevertheless, when the Legislative Yuan does not assent to its important policies and ask their change by resolutions, the Executive Yuan may return them for reconsideration with the approbation of the President of the Republic. After such reconsideration, if two-thirds of the Legislative members present maintain the original resolution,

the president of the Executive Yuan shall accept the resolution or resign. On the other hand, the Executive Yuan has a suspension veto on bills, budgets and treaties which have been enacted by the Legislative Yuan. It shows another example of checks and balances.

The Legislative Yuan and the Censor Yuan are two representative assemblies in the central government; both are organized on elective basis, but exercise quite different powers. The Legislative Yuan is composed of members elected by the electorate of provinces, special municipalities, Inner Mongolia and Tibet, national minorities in frontier regions, oversea Chinese, and occupational associations, with a term of three years and re-eligibility but subject to recall by their constituencies. So long as the People's Congress does not exercise its power of initiative and referendum on ordinary statutes, the Legislative Yuan is now the single chamber of legislation on bills, budget, state of emergency, amnesties, declaration of war, negotiation of peace, conclusion of treaties and all important matters of the State. All bills shall be promulgated by the President of the Republic after having received them from the Legislative Yuan for ten days, but subject to the suspension veto of the president of the Executive Yuan. The Legislative Yuan has a control over the Executive Yuan by means of the power of interpellation, which is, as Duguit calls it, the French 'Chamber's chief means of action and the best weapon of minorities.'

The power of control over the government is chiefly vested in the Censor Yuan, which is composed of members elected by the local representative assemblies and associations of oversea Chinese, serving a term of six years with re-eligibility. Besides giving its consent to the Presidential appointments, it has the powers of impeachment, censure, and auditing. All the central and local public functionaries, from the President of the Republic downward are subject to its impeachment or censure on charge of illegal action or negligence of duty. In order to carry out its censorial power fully, its members are also provided with the parliamentary privileges, and the Censor Yuan may request the Executive Yuan, ministries or commissions to produce the orders and documents for inspection, and investigate or enquire into any activity of administration. For the exercise of auditing power, an Auditor-General is appointed on recommendation of the President of the Republic with the consent of the Legislative Yuan and shall submit his report of accounts to the Legislative Yuan.

As the highest judicial organ of the State, the Judicial Yuan is headed by a president and a vice-president and has the jurisdiction of civil, criminal, and administrative justice, as well as the disciplinary punishment of public functionaries, with a system of courts to be provided by law. That is what the present system is. The New Constitution establishes, in addition, a new institution of several 'grand judges,' who have the power to interpret the Constitution, as well as to unify the interpretation of laws and ordinances. When a statute or an ordinance comes into conflict with the Constitution, it may be declared as unconstitutional by the Judicial Yuan. Here it follows the American doctrine of Judicial Review, upon which the construction of Constitution much depends.

There is little change in the Examination Yuan so far as the New Constitution is concerned. The examination system and personal administration had had a long history in old Chinese dynasties before any civil service commission had been established in the modern States. The Examination Yuan is also headed by a president and a vice-president with several members who shall conduct its affairs on non-partisan basis. All spheres of public personnel administration come under its jurisdiction, such as, the examinations, appointments, candidates' registration, service records, salary classification, promotion and transfer, guarantee of tenure, awarding honours, annuity, retirement and pension.

Between the central and local governments, the cardinal principle is the proper distribution of powers according to the nature of governmental affairs, so that, as advocated by Dr. Sun, 'there shall be neither undue centralisation nor undue decentralisation.' The New Constitution, follows the example of the Constitution of 1923, enumerates all governmental affairs and distributes them to the three levels of government—the central, provincial and district. The central government legislates and executes the affairs of national interest or delegates them to the local government for execution; while affairs of local interest are entrusted to the local governments. With distribution of powers provided by the Constitution, a federal system of government seems to have been introduced; but the essential feature of the unitary State is evident in so far as any dispute relating to the nature of governmental affairs shall be settled by the Legislative Yuan. Provisions are made for the local self-government of the provinces and districts. Both have the power to adopt its own charter in accordance with general rules laid down by the central government and subject to the supremacy of the Constitution and laws. Both are to be governed by legislative assemblies, consisting of a single chamber, and executives—governor or magistrates, elected directly by the electorate. The arrangements for popular election of governors and magistrates will set up a system of administrative decentralization to counter-balance the centralization of legislative power.

One of the most distinctive features of the New Constitution is its provisions on the 'Fundamental Policies of the State.' It is a general tendency after the World War I that most of the written Constitutions of modern States have provided therein some social and economic policies. But they have never provided so wide a scope as the New Constitution, which, by thirty three articles covers all the fields ranging from national defence, diplomacy, national economy, social security, education and culture, to national minorities in the frontier regions. They are stipulated on the recognition of the fact that the chief functions of the State must secure national independence and equality, international co-operation and world peace, social well-being of the people, and economic prosperity of the nation. Nevertheless, some inconsistencies and incongruities are obvious in the compromise between the principle of individualism and that of collectivism.

The significance of the New Constitution rather lies in the fact that another endeavour has been made to install a constitutional democracy in China. A

written constitution is merely a framework. What it will eventually turn out to be depends upon its enforcement. A common acceptance and support is necessary for its successful working, which, as experience shows, much depends upon the operation of political parties. As the Chinese-Communist Party strictly adheres to its revolutionary tactics of seizing power by force, the Kuomintang remains to be the dominant party, while the minor parties are rather feeble in electoral campaign without the proportional representation in their favour. The common people are rather indifferent to the election and live in a miserable condition abounding with the social and economic crisis and the civil strife, drifting more and more to disaster; and the rule of law is still in a state of uncertainty as the privileged persons would not surrender their immunities. These will become the great obstacles for its enforcement.

## MACHINERY FOR PLANNING IN INDIA

*By D. K. MALHOTRA*

EVEN a cursory study of the contemporary events and the undertone of thought in India reveals the interesting fact that economic planning has ceased to be the live issue it was until a year ago. There are several reasons for it. The high-pitched enthusiasm for repairing the damage of war and making a big advance in raising production and standard of living which was such a marked feature of the later war period began to ebb in the rush and confusion of the post-war period. It was realized that even such plans as had been drawn up would have to be severely modified or pruned to meet the emergency conditions. At the same time, the internal political situation continued to deteriorate deflecting attention from the issue of planning. Moreover, the achievements in the matter of executing plans were so disappointingly meagre that popular interest began to flag, giving place to cynicism and despair. The recent momentous happenings consequent on the partition of the country have pushed planning further into the back-ground. Yet the whole question of planning is of such fundamental importance and is so deeply rooted in the daily needs of a poverty-stricken people that it cannot remain eclipsed for long. A clear definition of the objectives and lines of planning and the construction of an effective machinery for planning will have to be taken in hand in the near future. In this article it is proposed to deal with the latter, viz., the question of a suitable machinery of planning for India. This may be done under three broad heads: first, an examination of the bearing of the ideology of planning on machinery of planning; second, a review of the adequacy of such machinery for planning as was set up and third, a discussion of the kind of machinery that should be set up to formulate and execute a plan.

Planning in the sense of a carefully thought out, purposive and properly coordinated utilization of the resources of the country for the achievement of a pre-determined end within a specified period of time has not yet been undertaken in India. Some memoranda, notes and sketches of plans have no doubt been prepared by central and provincial governments and by eminent industrialists and others and for over one year a Planning and Development



Department also functioned at the Centre but no comprehensive and detailed plan for the country has been prepared nor has a plan been put in operation. No one is now deceived into thinking that a collection of targets based on guess estimates constitutes a plan or that the numerous sectional or partial 'plans' so called devised for dealing with immediate and pressing problems can be exalted to the status of a plan. A plan is really a social engineering project—it is based on a survey; it lays down broad as well as detailed objectives; it prescribes the means by which those objectives may be attained and it provides a machinery for the fulfilment of the objectives as also for a check-up on the extent to which they are being fulfilled.

Machinery is thus an important part of planning but there is sometimes a tendency to exaggerate its importance and to overlook that it is after all a vehicle of planning and not planning itself. While it is true that without suitable machinery to carry it forward, planning will turn out to be utterly inefficient, it is conceivable that even with a suitable machinery, planning may not go very far. The purpose, the ideological approach, the inspiration behind a plan—these are the soul of a plan; machinery is the body and just as soul, by common consent, takes precedence over the body, the ideological and inspirational aspects of planning may come before the organizational and administrative aspects. This leads to the vital truth which we are driving at and which is sometimes overlooked: *machinery of planning will be determined by and must closely conform to the purpose, outlook and ideological approach of the plan.*

While no coherent, unified and integrated plan informed by a single purpose and ideology has yet been prepared for India, some plans, in the limited sense, have been put forward, reflecting three broad but divergent trends of thought in regard to planning. The first trend of thought deriving its inspiration from Gandhian values lays emphasis on decentralized production in small and self-sufficient village units comprising small holdings and cottage industries. The second trend which is subscribed to by almost all the economists, industrialists and businessmen strongly favours the fullest utilization of all the resources of scientific knowledge and technique and the latest and most up-to-date machinery either within the framework of the system of mildly controlled private enterprise or under the aegis and control and, to some extent, even the ownership of the State. The third trend of thought favours a radical reorganization of economy so as to bring it in some measure of conformity with the Soviet economic system based on the ownership of all the means of production by a workers' State. It is not, however, clear whether such reorganization will be ushered in by a revolution on a national side or will be realized as part of a wider movement encompassing the entire world. These three trends of thought which were already taking shape in pre-1939 period found a concrete expression in the post-1943 years in what are known as, the Gandhian Plan, the Bombay Plan and the People's Plan. To review all the important body of thought that has already been given to the subject and as a starting point of further discussion, it will be desirable to study the machinery for planning recommended or prescribed in each of the three plans.

In the Gandhian Plan, while a Central National Planning Committee with

provincial branches is envisaged, the emphasis is on decentralization and as a necessary corollary on the Village Council or Panchayat—the smallest administrative unit with the largest possible autonomy in internal affairs. The Panchayat is to have a wide range of functions embracing allotment and collection of land revenue on the one side and regulation of village trade, industry and commerce by organizing credit and non-credit co-operative societies on the other. It is to be a directly elected body on a system of universal adult franchise. The activities of a number of village councils will be coordinated by a Village Group Council and the Group Councils in turn would have a higher administrative unit corresponding to the present Tehsil or Taluka. For several Tehsils or Talukas there will be District Councils and above these will be the Divisional Councils and Provincial Assemblies, these latter in turn sending their representatives to the Central Assembly. For all the Councils above the Village Council, the elections are to be indirect. This is the hierarchy recommended for the rural population; for the urban areas, there are to be Municipal Councils. Altogether it is a machinery built up from below with the initiative resting with the Village or Municipal Council and loosely held together and directed by a Central Planning Committee. In the Bombay plan, on the other hand, the directing authority is to be a National Planning Committee, a body representative of the various interests, which will be responsible for drawing up the plans. It is important, to note that the Bombay plan separates formulation from execution and provides for a separate body for *executing* the plan—a Supreme Economic Council working alongside the National Planning Committee. The exact manner in which the duties assigned to the two committees will be coordinated and their relation to the various provincial and regional governments have not been defined but it is indicated that while sufficient powers of coordination are to be vested in the central government, the administration of economic policy is to be delegated to provincial and local governments on a basis of wide decentralization. Besides these two bodies, there is to be an Economic Civil Service in the country to operate various controls required for planning, composed of persons with special education, training and experience appropriate to the economic functions of the State. The People's Plan does not define the machinery for planning in any detail but judging from its general approach, the general pattern will be after the Soviet model. A notable feature of the plan is the organization of producers' and consumers' co-operatives in order to eliminate middlemen.

Taken altogether, the Plans have given much more attention and space to matters such as targets, finance and the rôle of the State than to the machinery of planning.

## II

One must, therefore, necessarily turn to a study of the machinery which was actually set up from 1943 onward to undertake planning. It was in no sense a new machinery specially created for the purpose but partly an addition to the existing administrative structure and partly an adaptation of the structure to planning purposes. From the economic as well as administrative stand-points, there are four important layers in the pyramidal structure of India:

the village, the district, the province or state and the country as a whole. Taking them in the reverse order, the general pattern of planning at each level was as follows: At the Centre, there was a Reconstruction Committee (latter a Coordination Committee) of the Governor-General's Executive Council along with a Planning and Development Department under the charge of a member of the Executive Council and Planning Advisers (or officers with similar status and functions) in the other departments. There were also a number of Policy Committees representative of central and provincial governments and also specialists and experts in the field to discuss and formulate policies relating to various matters such as trade, industries, shipping etc. In the Department of Industries, as many as 29 Panels were set up to determine the lines as well as the extent of possible development in all the important industries and to make recommendations in this regard. In the provinces, there was a Post-War Reconstruction Minister and in several departments such as agriculture, industries, co-operation and education, there were officers on special duty for planning. The coordinating authority vested, in so far as it was there at all, in the Reconstruction Minister. In some provinces, even planning sections were created in some of the departments. Beyond the provincial department level it was difficult to trace down the machinery to the districts where the overworked and harassed Deputy Commissioner or Collector—the chief executive officer—often found his work considerably enlarged by enquiries from the headquarters for information or suggestions for development. Similar enquiries were passed on by the departments to their district representatives. In this way there was a big haul of information of varying quality and accuracy which was later on served by the departments in the form of memoranda and schemes to the Reconstruction Minister and by the Reconstruction Minister in the form of a Provincial Plan to the Central Planning and Development Department which was supposed to perform the almost superhuman task of putting together these plans along with those of the central departments and to evolve a coherent and integrated plan for the whole country. This task has not been accomplished to this day. As for the execution of a plan, nothing tangible could be expected without a plan but some sort of planning went on in the central and provincial departments with a kind of loose and non-effective coordination and direction from the Planning Department.

The defects of such machinery both for preparing plans and getting them executed are apparent. There was, in the first place, no demarcation between the formulation and execution of plans and at all points in the planning hierarchy the two were combined in the hands of the same agency. At the Centre, it was felt that far too much initiative lay with the permanent civil servants in the departments and too little with the Hon'ble Members and Economic Advisers; too much again with the different departments at the Centre and in the provinces and too little with the Planning and Development Department at the Centre. The Indian states with their considerable area and population remained more or less on the periphery. In the provinces, planning resolved itself more into finding ways and means of spending the lumpsum

to be allotted from a capital fund over a five year period and one closely associated with this work was often amazed at the amount of hectic activity in some departments for putting together a number of plausible schemes in order to work up to the allotted quota. The plan for the department thus turned out to be a series of schemes prepared by the various sectional experts for expanding their own staff and activities, often with a reckless disregard for canons of public expenditure. Not enough time or attention was given to the task of coordinating the schemes or dovetailing them into one another. In fact there was no machinery or personnel to do so, for the simple reason that the whole set-up of administrative apparatus was attuned to executive or routine work rather than a dynamic constructive advance. Taking the whole range of services, central and provincial, there was, and still is, a noticeable paucity of planning-minded officials and a large preponderance of executive officials or routine workers. One great mistake made while initiating planning in this country was that a separate cadre of planning-minded officers in all the departments was not created. Another equally great mistake was that the machinery of planning remained too much at the top level—in the official stratosphere, as it were—and popular enthusiasm was not enlisted in sufficient measure through the already existing or *ad hoc* organizations of peasants, industrial workers, artisans and other similar groups. Village, the primary unit of social and economic life, almost entirely escaped notice and remained outside the reach of the planning machinery.

### III

It was necessary to sketch this background in order to bring into proper focus the whole question of a suitable machinery for planning in India. As any discussion about planning machinery without a clear conception of the type of economy which is to be planned will be purely an academic exercise, it is intended to proceed on the assumption that a mixed economy which blends private initiative and enterprise with the regulative and supervisory control of the State will be appropriate to the country's needs in the foreseeable future. The very fact that such an assumption has to be made brings out the importance of defining the economic content and bases of the future Indian constitution and of bringing the objectives and the outline of an economic plan into the text of the constitution itself. For planning to be a success it is essential that it should be placed on a statutory basis and taken out of the sphere of party system of government and executive decision. It should be a matter as sacrosanct as the Constitution and as compelling, the direct sanction behind it being the will of the people. It will be relevant to point out here in parenthesis that the first twelve articles of the Constitution adopted by U. S. S. R. in 1936 define the economic structure of the State and Article II specifically lays down that 'the economic life of the U. S. S. R. is determined and directed by the State national economic plan'. An appropriate way of doing it in India would be that the planning provisions of the Constitution should be drafted separately to constitute something like a distinct economic part of the Constitution and should, *inter alia*, provide for the creation of:—

1. a National Planning Commission with its indispensable adjuncts of a National Investment Trust, a Permanent Tariff Board, and Economic and Statistical Organization, a Waterways Board, and a Scientific Research Organization,
2. Provincial Planning Commissions, and for the bigger states, State Planning Commissions,
3. Boards of Development (on the lines of T. V. A.) for carrying out regional schemes, and
4. a Planning and Development Service distinct from the All-India Administrative Service.

Complementary to these will be the popular organizations, representative of people's opinion and initiative: Village Councils, Tehsil or Taluka Councils, District Boards and Standing Planning Committees of provincial and central legislatures. The basic idea underlying the whole planning machinery will be to institute a flexible kind of adjustment between the initiative and direction of governmental planning machinery, on the one hand, and popular opinion and will, on the other. The official machinery will provide a leaven in somewhat the same way in which the Communist party members in Soviet Union do on the collective farms and in the factories and end the slack in popular enthusiasm wherever it manifests itself. In a society which does not wish to accept a rigid measure of regimentation of daily life for any length of time but which desires at the same time to plan its resources and activities, there seems to be no escape from a planning machinery cast in such a mould.

Before entering on a more detailed examination of the general layout of the machinery suggested above and of its adequacy for the needs of three hundred million people, it will be desirable to sketch the nature of planning to be undertaken. The task of planning may broadly be divided into formulation of the plan and its execution. Formulation of the plan will involve: (i) survey of the existing position with special reference to the recent trends; (ii) determination of the general aims and lines of development to be pursued and (iii) preparation of concrete schemes to embody the general aims and lines of development. The execution of the plan will necessitate: (i) drafting and enactment of legislation to give effect to the lines of development and to the concrete schemes, (ii) getting together competent and trained personnel—administrative and technical—to enforce legislation and execute the schemes, (iii) association of popular opinion and initiative with the plan and (iv) check-up of the fulfilment of the plan at various stages and necessary emendations and modifications in the plan in the light of its working.

The responsibility for coordination and direction of all this work must naturally vest in the National Planning Commission but it will be a profound mistake to attempt, as in the past, to frame and put through plans from the top. In fact the most complicated problem in devising a suitable machinery of planning in a vast country like India with all her regional, provincial and local diversities is one of linking up the supreme coordinating authority at the top with the smallest unit at the base and achieving such measure of inte-

gration of the planning organizations at all levels as to ensure unified, purposive action all over the country. The lowest unit to be reached by the machinery is, of course, the village—the intermediate units being the Tehsil or taluka, district and province—and there will be about 400,000 villages or 175 districts in India, exclusive of the Indian states, to be brought within the orbit of the planning organization. For the whole of India, the number of villages will be about 550,000.

It would perhaps be ideal if the supreme planning authority could appoint one trained person in each village—the project of training 550,000 persons for village reconstruction work is, of course, not new but it has not yet been put forward in the context of planning. It is, however, a little too ambitious and, on second thought, it appears to be even unnecessary. Village as the foundation and the primary socio-economic unit of Indian life has shown tremendous survival value down the ages and planning machinery must bring it within its direct range. But it is hardly necessary for it to be represented in each village. A better course would be to have groups of villages made out on the basis of contiguity and common economic, social and cultural characteristics, each group consisting of about one hundred villages. There will thus be over five thousand groups for each of which a coordinating officer or Coordinator should be appointed to coordinate all the activities in respect of planning. Between the Central Planning Commission at the top and the Coordinator at the base there will be other coordinating authorities—a Provincial (or State) Planning Commission for each province, a Development Commissioner for each district and a Development Officer for each tehsil or taluka. None of these authorities will be expected to prepare sectional plans for agriculture, industries, education etc. or to examine the requirements and possibilities of development in different branches of economy taken individually. Their main function will be to take a broad general view of the problem of development for their own unit and to fit together into an integral whole all the sectional plans prepared for that unit by the organizations set up for the purpose.

It is, therefore, necessary at this stage to turn to these sectional organizations. The colossal task of preparing the multifarious plans for the numerous branches of country's economy will, of course, be beyond the capacity and resources of any Planning Commission, unless it is assisted by departmental or sectional organizations and experts. In this connexion it is of some interest to note that the U. S. S. R. Gosplan comprises five departments with twenty sections for Coordinative Planning and fifteen departments with forty four sections for Branch Planning besides another six independent sections. For India, such an elaborate design need not be recommended; the National Planning Commission, as we envisage it, will be a small, compact body consisting of five to seven members—but at the same time, a very close liaison between the Commission and the departments and sections will have to be set up. This can be attained best if in each department of the government at the Centre, and in the provinces or states, a Planning and Development section is created under an officer of the rank of an Additional Secretary (Planning) and/or

Additional Director (Planning). The sections in the central departments may be placed, for all purposes of planning, directly under the National Planning Commission and the sections in the provincial (or state) departments under the provincial (or state) Planning Commission. The provincial departments will be represented in the districts, tehsils and village groups by their own Planning Officers who will function directly under the Planning Section of the department. These Planning Officers at each level of Village Group, Tehsil or district will constitute respectively the Group Planning Committee, the Tehsil Planning Committee and the District Planning Committee working under the chairmanship of the Coordinator, the Development Officer and the Development Commissioner.

It would be futile to try to undertake planning without creating a new cadre of officers to constitute a new service which, it is proposed, may be styled, as Planning and Development Service. This would consist of trained experts in various fields—engineers, scientists, economists etc.—and of planning-minded officers and its members would take the entire charge of the machinery of planning and development. As years roll by, the service will build up its own traditions but its chief qualities would be vision initiative, a high level of integrity, expert knowledge and selfless service. One criticism that may be levelled against any suggestion of creating such a service is that it will create throughout the whole administrative structure of the country two vertical layers, one of planning officers and the other of administrative officers and this might in practice give rise to confusion of duties, duplication and friction. There is, however, no reason why it should not be possible to demarcate the spheres of work of the two kinds of officers and it goes without saying that for some time to come there will be room for both. Only when the State becomes a full-fledged planning State and its development schemes dwarf by their range and importance the routine tasks of administration, will the Administrative Service become superfluous.

The whole of this governmental machinery will work under the direction of the National Planning Commission assisted by the policy-making bodies attached to it. The Commission will consist of seven (or five) members of whom the chairman will be a person with long public experience and the remaining six members will have specialized knowledge and experience of agriculture, industries, transport, finance, labour, and science and technology. For several matters of policy it will depend for knowledge and advice on bodies attached to it. The rate of saving and investment, and the relation between investment and national income, for instance, will be studied continuously by the National Investment Trust who will also advise regarding the raising of loans within the country and abroad and take over the control of capital issues. The adjustment of the tempo of internal development to world trends, on the other hand, will be the responsibility of Tariff Board who will keep watch over the relative movements of prices and costs and will recommend whatever measures are necessary for allocating scarce materials and affording protection to industries in a suitable form. The Economic and Statistical Organization will collect, compile and analyse all the data relating to the various economic

activities to facilitate check-up of the progress of the plan, organize rapid as well as intensive economic surveys on territorial as well as occupational basis with the help of the Planning Sections of the central and provincial departments and tender advice regarding the feasible lines of development. The Waterways Board will be in charge of the development of the waterways with a view to their fullest utilization for irrigation, navigation and generation of power. The Scientific Research Organization will organize and direct research particularly with a view to the introduction of the latest and most scientific methods of production in industry and agriculture and to assist the industry to profit by all the advance made in scientific knowledge. Three out of these five bodies already exist but may have to be reorganized to meet the requirements of planning; the remaining two, namely the Trust and the Economic and Statistical Organization will have to be created.

As was emphasized earlier, governmental machinery, howsoever well-devised, will not be able to plan effectively unless it receives the fullest co-operation of the people acting through their own organizations. One of the greatest difficulties in carrying out a plan in this country is the undeveloped and unorganized character of the economy, with its small-scale farms, small shop or business, loosely organized trade, unorganized agricultural labour and not fully organized industrial labour. Effective planning presupposes very close integration of the economic life of the people through their associations, viz, co-operative village councils, cottage workers' associations, trade associations, professional associations (of teachers, doctors etc.) and trade unions. Along with the creation of governmental machinery it will, therefore, be necessary to take steps to encourage the establishment and development of these popular organizations. In this scheme of non-official planning organization will have to be fitted a council in each village, an association of cottage workers for each group of villages, professional associations for all the districts and provinces, one or more trade unions for each important industry and wholesale and retail traders' associations. The governmental planning machinery will contact at various points the representatives of these popular organizations; it will try to create enthusiasm where popular enthusiasm is lacking, supply knowledge where it is deficient and utilize both, where they are present, to speed up the execution of the Plan.

This then is the picture of the proposed machinery for planning—a National Planning Commission assisted by a number of expert bodies at the top answerable to the people through the legislature; Planning Commissions in all the provinces and states; special Boards of Development for particular regions; Development Commissioners, Officers and Coordinators down below in the districts, tehsils and village groups and all of them working in close cooperation and integration with the village councils, cottage workers' associations, trade associations, professional associations and trade unions. This machinery may appear to be a little too complicated and unwieldy but nothing very simple will meet the demands of the country. And in the final analysis, it is not merely a carefully thought out hierarchy of planning bodies that will give the people the planning that they so badly need but also the vision, insight, experience



and judgment of men who will be called upon to assume the responsibility of sitting on them. In far too many issues facing this country, it becomes evident over and over again that men are far more important than machinery; that men with ideas, breadth of mind and drive are scarce and that they cannot be thrown up except by a powerful upsurge of vitality, a vast ferment of thought throughout the entire range of our national life. In this upsurge, a revolutionary ardour must seize the people and keep a sustained hold over them over the whole period of plan, if even the most carefully devised machinery is to produce the results expected of it.

## A REVIEW OF LABOUR LEGISLATION IN SOUTH-EAST ASIA

By P. S. NARASIMHAN

### THE ECONOMIC BACKGROUND

THE countries in the South-East Asia region, viz., India, Burma, Ceylon, the Malayan Union and Singapore, Indonesia, Siam, Indo-China, China and the Philippine Republic, have all certain common and distinctive features which render profitable a regional approach to a study of their economic and social problems and, at the same time, make it extremely doubtful whether economic, social and labour policies, evolved in and adapted mainly to the more advanced and economically developed countries of the West and of America, can be equally successful in securing for the masses of the workers in Asia steadily rising standards of life and improved conditions of work. All the countries in the region are predominantly agrarian and indigenous agriculture invariably takes the form of subsistence farming. The proportion of the rural to the total population is 70.5 per cent. in Malaya (1931), between 71 and 85 per cent. in China, 86.5 per cent. in Ceylon (1931), 97.2 per cent. in India (1941) 92.5 per cent. in Indonesia and between 90 and 95 per cent. in Indo-China<sup>1</sup>. The transition from the self-sufficient subsistence economy of the past to a modern economy based on money and production for the market is not yet complete in any of the countries in the region and industrialization is in its infancy. An industrial proletariat based on wage-paid employment has, of course, been slowly but steadily emerging throughout the region during the past few decades as a result of the impact of Western business enterprise; and, its ranks are being swollen by the general exodus from agriculture, resulting from the increasing pressure of the population upon the available arable lands and the steady diminution in the size of agricultural holdings. But excepting in India and China, which today possess the barest framework of a modern industrial economy, in all the other countries in the region large-scale enterprise employing wage-paid labour is confined to plantations growing primary products such as tea, rubber, tobacco and sugarcane, a few processing factories, and mines. In no country in the region does the proportion of industrial wage-

<sup>1</sup> Strictly speaking these figures are not comparable as the bases adopted for classification are not uniform throughout.

earners in large-scale enterprises exceed 5 per cent. of the gainfully employed population, and even this extremely small demand for labour has had to be met in Burma, Ceylon, Malaya and parts of Indonesia and Indo-China by the organized import of immigrant labour from the neighbouring over-populated areas, such as, India, China, Java and Tonking. As a result of retarded economic development and the steady increase in population, incomes are extremely low, malnutrition is widespread, resistance to disease almost non-existent and few parents are able to afford to send their children to school. This has naturally established in all the countries of the region a vicious circle of low incomes, ill-health, illiteracy and inefficiency, leading on in its turn to a low level of wages. An illiterate, heterogeneous working class steeped in poverty and largely dependent for its employment on the world price of a few primary products such as rubber, tea, teak and tin, which has yet to reconcile itself to regular work in a factory or a plantation and still hopes to go back sooner or later to its ancestral vocation, namely, subsistence farming on a dwarf holding, has not naturally been able to throw out from among its own ranks trade union leaders who could take the lead in organizing the wage-earning class and creating effective public opinion in favour of progressive social and economic policies. The initiative for such labour legislation as has already been placed on the statute book has had, therefore, to come from the State itself, from public workers coming from outside the ranks of the wage-earners, or from the Conventions and Recommendations adopted by the International Labour Conferences. Again, labour legislation pure and simple, on the conventional lines merely regulating hours of work and working conditions, prescribing a minimum age for admission to employment, providing for weekly and annual holidays with pay, and introducing the more elementary forms of social security such as compensation for occupational accidents and disease, maternity benefits and sickness insurance, cannot obviously, in these countries, eliminate the root causes of the workers' poverty, viz., low levels of production, inadequate economic development, ill-health, illiteracy and low efficiency. Nor does its protective influence extend today to the millions of workers engaged in agriculture; in indigenous handicrafts such as, the spinning and weaving of cotton in all the countries in the region,<sup>2</sup> the production of indigenous cigarettes in India, Burma and Java, the tanning of leather and manufacture of leather goods in India and China, coir manufacture in Ceylon, and *batik* work in Java; in trade; in transport; and in domestic service.<sup>3</sup> As in the field of labour legislation, so in the field of social security again, the special conditions in Asian countries would seem to necessitate an entirely new approach to the problem. Social security services of the types which are at present in force in countries such as the U. K. and the U. S. A. can be worked successfully only in economies where production is large enough to leave a surplus over

<sup>2</sup> In India alone the number of workers engaged in the handloom industry has been estimated at over 6 million. In 1930, in Indonesia, no less than 1,600,000 persons were engaged in industries but of these only about 300,000 were employed in factories.

<sup>3</sup> In India in 1931, nearly 10 million persons were engaged in domestic service, i.e., more than five times the number of workers employed in factories.

current consumption for the financing of such services, either by taxation or by regular contributions from employers and workers to social insurance funds, and where the great majority of the workers earn at least a living wage and enjoy fairly good health—conditions which are fulfilled in few of the Asian countries today. Again, as a recent I. L. O. Report on Social Security has pointed out, social security for tenant farmers, peasant proprietors and casual farm labourers—and these constitute the great bulk of the working classes of Asia—requires an entirely different approach, as ‘with few exceptions, all existing social insurance schemes have been designed with the needs of the urban, and especially industrial wage earners in mind, and the techniques they use are, for the most part, only applicable to employed persons.’<sup>4</sup>

Nevertheless, not all the countries in the South-East Asia region are today in the same stage of economic development; and the types of labour and social policies pursued hitherto have naturally been adapted to the pace of economic and social development in each country. For a review of the main trends in labour legislation it is therefore convenient to divide the countries of South-East Asia into three groups, viz., (i) India and China; (ii) Ceylon, Malaya, Indonesia and Indo-China; and (iii) Burma, Siam and the Philippine Republic. In the sections which follow an attempt is made to review briefly the main lines on which labour legislation in these countries, has hitherto developed, to examine the efficacy of such legislation in solving the fundamental problems confronting Asian labour and to indicate the lines on which further advance is urgently needed.

#### LABOUR LEGISLATION IN INDIA AND CHINA

India and China had already been settled and developed for centuries when they came under the economic influence of the West in the latter half of the nineteenth century and both had fairly well developed economic organizations already familiar to a certain extent with a money economy and production for the market. Both had huge reserves of labour which could be drawn upon for the development of modern large-scale enterprise, fairly adequate sources of power and raw materials for the initiation of large-scale programmes of industrialization, and a nascent capitalistic class, which, if it was not willing on its own account to pioneer large-scale industries, was at least prompt to follow the lead given by foreign investors and invest its money in the setting up of modern factories and mines. In India, the first cotton-mill in Bombay was set up in 1854, and the first jute-spinning mill in Bengal in 1855; and although initially progress was slow, thanks to the spread of the ‘swadeshi’ movement in the early years of this century, the impetus given by World War I and the introduction of protective tariffs in the inter-war period, India had on the eve of World War II an impressive list of large-scale industries which included textiles, iron and steel, coal mining, paper, cement, matches, soap and sugar; and during the ‘thirties nearly 5 million wage-earners were estimated to be employed in organized industry in British India, including

<sup>4</sup> *Problems of Social Security*, Report I, Preparatory Asian Regional Conference of the International Labour Organisation, New Delhi, 1947, p. 46.

about 1.75 million workers in factories, one million workers in tea, coffee and rubber plantations, 0.7 million workers in railways and 0.35 million workers in mines. Industrial development in China was much slower, much more under the control of foreign capital and largely localized in the coastal cities, such as, Shanghai, Canton, Tientsin and Tsing-tao; still an enquiry undertaken by the Chinese Ministry of Industry and Commerce in 1930 revealed that in 29 of the principal industrial towns, there were, 1,975 factories employing more than 1.2 million workers,<sup>5</sup> and, in 1938, Mr. (now Sir) Harold Butler, the then Director of the International Labour Office, estimated the total number of factory workers in China at between 1.5 and 2 millions and the number of mine workers at about 800,000. Under these circumstances, labour legislation in India and China has followed in the main the same course as in Western countries and has been almost exclusively concerned with wage earners in factory industry, mining and transport, though, in India during recent years, there has been a marked tendency to extend the scope of protective labour legislation to wage-earners in non-power using factories, and to shop workers.

*India* :—Labour legislation in British India began with measures for the protection of the women and children and the first Indian Factories Act was passed in 1881 and the first Mines Act in 1901. During the inter-war period India's membership of the I. L. O. and the advent of provincial autonomy in 1921 provided a powerful urge in favour of progressive labour legislation, and, today workers in India's factories, railways and major mines are protected by a fairly comprehensive labour code; and, a beginning has already been made in the statutory regulation of conditions of work in commercial establishments and the smaller workshops.

Workers in India's perennial factories are entitled today to an 8 hour day and 48 hour week, double the normal rate of pay for overtime work, a weekly holiday, and an annual paid holiday, after a year's continuous employment, of ten consecutive days in the case of adults and 14 consecutive days in the case of children. Under the provisions of the Industrial Employment Standing Orders Act enacted in 1946, employers in every industrial establishment where 100 or more workers are employed are further required to frame standing orders defining the conditions of employment and get these approved by the competent authority. The Indian Mines Act of 1923 limits the hours of work in mines to 54 in the week and 10 a day above ground, 9 a day underground and the Indian Railways (Amendment) Act of 1930 grants railway workers whose work is not essentially intermittent a 60 hour week and a weekly holiday. Legislation, again, fixes the minimum age for admission to employment at 12 in the case of factories, and non-power using workshops in a number of occupations such as bidi-making and carpet-weaving; 15 in the case of mines, railways and docks; and, 18 in the case of drivers of motor vehicles. In the field of social security the

<sup>5</sup> Cited in *Labour Policy in General including the Enforcement of Labour Measures*, Report II, Preparatory Asian Regional Conference of the I. L. O., New Delhi, 1947.

Workmen's Compensation Act enacted in 1923 grants workers in factories, mines, ports and in a number of occupations listed in a schedule appended to the Act compensation according to a prescribed scale for any occupational injury or disease arising out of or in the course of their employment, and the Workmen's State Insurance Bill, 1946, now before the Dominion Legislature proposes a scheme of compulsory sickness insurance (including maternity benefit for women workers) to apply, in the first instance, to factory workers alone, but to be progressively extended to other classes of wage-earners. Women workers in factories (and, in the case of Assam in plantations as well) are now entitled to maternity benefit for a period generally extending up to eight weeks in all the major Indian provinces and states, and the Mines Maternity Benefit Act enacted by the Government of India in 1941, as amended in 1943, prohibits the employment of women in mines during the four weeks following confinement, and provides for the payment to them of maternity benefit at the rate of one-half rupee per day, for a period up to four weeks of absence before and four weeks after delivery. As regards workers in the innumerable small workshops engaged in the making of bidis, weaving of carpets etc an attempt to regulate their conditions of work has already been made in the Central Provinces by the C. P. Unregulated Factories Act of 1937, and, the Employment of Children (Amendment) Act enacted by the Government of India in 1939 seeks to prohibit in workshops engaged in a number of such occupations the employment of children under 12 years of age. Again, in a number of provinces including Bombay and Bengal an attempt has been made during recent years to regulate the hours of work and to prescribe a minimum age for admission to employment in shops, commercial establishments, restaurants and theatres, and to grant to such shop workers a paid weekly holiday, and, in some provinces annual holidays with pay. The enforcement of such Acts has, however, been restricted, in the first instance, to a few selected urban centres and the great majority of the shop-workers in India are today still outside the scope of protective labour legislation.

Other important enactments in India's labour code relate mainly to the rights of trade unions and to the establishment of machinery for the peaceful settlement of industrial disputes. The Indian Trade Unions Act of 1926 provides for the voluntary registration of trade unions and confers on registered trade unions and their members a measure of immunity from civil suits and criminal prosecutions imposing on them at the same time certain obligations relating, *inter alia*, to the adoption of a regular constitution and the annual submission of audited accounts. The Trade Disputes Act of 1929 empowered the appropriate government, provincial or central, to refer an existing or apprehended dispute to a Court of Enquiry and to refer a dispute to a Board of Conciliation either on its own initiative or when both parties to the dispute asked for it. In addition, it declared illegal all general strikes and lock-outs, and required strikes in public utility concerns to be notified 14 days in advance. A further step in the setting up of machinery for conciliation and arbitration was taken in 1947. The Industrial Disputes Act of 1947, which has now replaced Trade Disputes Act of 1929 provides for the setting up, in all industrial

establishments employing 100 or more workmen, of Works Committees consisting of representatives of employers and workmen charged with the specific duty of removing causes of friction in the day-to-day working of the establishment. It further provides for the setting up of Industrial Tribunals to arbitrate in cases of industrial disputes and empowers the appropriate government to enforce the awards of such tribunals for a period not exceeding one year. Finally, under the provisions of the Act conciliation is compulsory in all disputes in public utility services; and, strikes and lock-outs during the pendency of conciliation and adjudication proceedings or of settlements reached in the course of conciliation proceedings or of awards of Industrial Tribunals declared binding by government are declared illegal.

*China:*—Labour Legislation in China has progressed along identical lines, though the beginnings of such legislation came much later than in India and the standards of enforcement leave much to be desired. In fact, it is no exaggeration to say that almost the entire labour code of China was enacted during the ten years preceding the outbreak of World War II in 1939; enforcement has been greatly handicapped not only as in India by the huge size of the country and the general illiteracy of the workers but also by the disturbed internal conditions, the outbreak of the Sino-Japanese hostilities during the 'thirties and the concentration of the major portion of China's industry in the coastal cities with foreign concessions such as Shanghai, where foreign-owned enterprises claiming extra-territorial privileges have refused to conform to Chinese labour laws. Nevertheless China has today a fairly elaborate labour code which is, in some respects, even more advanced than that of India.

The Chinese Factory Law of 1929, as amended and consolidated in 1932, applies to all factories in China using mechanical power and employing more than 30 persons. More comprehensive than the Indian Factories Act, it lays down for adult workers the principle of an 8 hour day with a rest pause after every five hours of consecutive work. Children under 14 years of age may not be employed in factories, and night work is prohibited for women and children. Other provisions of the law include a weekly rest day, paid annual leave based on the length of service, minimum wages fixed in accordance with the local standard of living, equal pay for equal work and compensation according to a prescribed scale for accidents incurred in the course of employment. Two special and particularly noteworthy features of China's factory legislation are the provision made in the Factory Law for the establishment of factory councils to promote collaboration between employers and workers and the series of regulations designed to promote welfare measures. The Factory Law of 1932 provides for the establishment in factories of factory councils composed of equal number of representatives of employers and workers. The main functions of these councils will be, *inter alia*, to investigate measures to promote efficiency in work; to improve the relations between employers and employees and to settle industrial disputes; to assist in the enforcement of collective and individual contracts of employment and the rules of employment, to improve safety and health conditions in the factory; to propose improvements in factories or workshops; and to make plans for the workers'

welfare. A set of Regulations for the Workers' Education promulgated in 1932 requires every factory, workshop, company or store employing from 50 to 200 workers, to establish a workers' school and an extra class for each additional 200 workers, and stipulates that the curriculum shall include vocational training. Three sets of regulations covering employees' and workers' welfare promulgated in 1943 provide for the setting up of welfare funds in public as well as privately owned factories, and mines and lay down that to finance such funds the concerns shall appropriate (a) from 1 to 5 per cent. of the total capital investment when the concern is set up; (b) 2 to 5 per cent. of the workers pay roll per month; (c) one half to one per cent. of the earnings of the workers to be deducted from their wages; (d) 5 to 10 per cent. of the annual profit; and (e) 20 to 40 per cent. of the proceeds of scrap when sold. The welfare funds are to be administered by Workers' Welfare Societies and are to be used for maintaining dining rooms, dormitory or family residences, clinics, schools for workers and their children, bath rooms, libraries and other recreation services.

The most important among the other labour laws of China are the Minimum Wage Law promulgated in 1936 by the National Government of China giving effect to Convention No. 26 of the I. L. O., the Trade Union Law of 1929 which was completely revised in 1943, the Labour Disputes Law of 1928, as revised in 1943, and the Collective Agreements Law promulgated in 1930. The Minimum Wage Law of 1936 is merely permissive legislation empowering municipal and district authorities, at their discretion, to set up minimum wage boards and fix minimum rates of wages for any or all workers in a particular industry. It however stipulates that the minimum wage fixed for an adult worker should be sufficient to ensure him a living and to admit of a sufficiently high standard of living for two members of the family who are incapable of work. The Trade Union Law as amended in 1943, not only recognizes and protects the rights of workers to form and work trade unions, but actually makes membership in the appropriate union compulsory for each wage earner. Under its provisions, however, amalgamation, separation and dissolution of unions is according to law and not according to the decisions of the general body of the union. Permission to form a union must first be secured from the competent authority and the latter has the right to wind up a union under certain conditions. Again, the law specifies that a union shall not declare a strike to enforce the claim of its members to a wage above the standard rate, and with a view to removing all hindrances to maximum production during the wartime, an amendment to the law enacted in 1943 stipulated that 'a union shall not declare a strike on any ground whatever in a time of emergency\*'. The Labour Disputes Law originally enacted by the National Government of China in 1928 but fully revised in 1943, provides for the setting up of conciliation and arbitration machinery for the peaceful settlement of industrial disputes and the Collective Agreements Law which came into force in 1932 empowers registered trade unions to negotiate with employers collective

\* This Trade Union Law was again amended on 13 June, 1947. The amendment provides for the workers' right to strike, with payment of wages during the strike period.